



# ANTILLEN REVIEW

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**Looking back  
in anguish**

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**Aruba put to the  
choice**

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**Desalination by  
natural energy**

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**Christmas cuisine**

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**Surinam between  
self interest and  
development**

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**Economic survey**

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**Statia's Terminal**



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## FROM THE EDITOR

Reporting and analyzing developments over a short span of time one often misses to discern the underlying currents which slowly but definitely shape history. At the turn of the year man, suddenly deeply conscious of the passing of time, is prone to look back and recall what impressed him most. But even then he often only skims the surface denying himself the chance of acquiring a deeper insight into the workings of his era.

In our days that danger has become even more acute because of the nature of modern news-forecasting. Night after night a TV-addicted world is fed with the latest eye-catching happenings learning virtually nothing. This superficial approach to history is welcomed by some, as it keeps the people comfortable ignorant. But to those who believe in a responsible and democratic society it poses a threat which at no time should be underestimated. Knowledge is power. In this instance the power to direct the course of history.

The Netherlands Antilles share with other tropical societies that charming but in modern times not very functional trait to live happily from day to day. Consequently planning and analysis are generally poor.

Now that hard or at least less prosperous times seem ahead, the first should be undertaken at all levels of the community without delay. It is on this score that private enterprise could render the country a great service. And in connection an effort at analysis should be given high priority.

The Antillean society is rapidly on the move. The old structures and values are losing their binding force. A new generation often at a loss with regard to its place in society and its future is growing up. Fertile soil for those who love to sow the seed of dissatisfaction and turmoil. Just protesting those negative elements is not enough. The need of a proportionally large younger generation to participate fully in the process of history is what really should be attended to.

At the turn of the year the world is again confronted with those basis questions: where do we come from and where are we going to? These questions demand answers which will direct the country on a wholesome course.

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## Looking back in anguish

by E. Wilsoe



### Strong man

The effect of this political drama on the population, hardly recovered from the New Year celebrations and readying itself for the great carnival, was most sobering. Already apathetic and disgusted by years of political bickering, the electorate fell into a mood of resignation.

**Was this what they had fought for in the past when demanding universal franchise and internal autonomy? Should one conclude that the Antilles is not yet ready to govern itself? Will the prediction voiced in 1935 that giving the people the right to vote would lead to cannibalism prove to be true? Will the Antilles drift toward dictatorship so common amongst its South American** ➤

The shadows cast forward into 1983 are identical to those which darkened the beginning of the present year. Few, if any, expect the latest Martina Cabinet to survive for long. Many fear for what seems to become a yearly recurring malady: early elections. Many too are anxiously aware of the rising unemployment figure, the increase in crime, the slowing down of economic activity, the costly implications of the now inevitable departing of Aruba and the heightened possibility of social unrest.

Altogether plenty of reason to evaluate the year almost past and ask ourselves a number of soul-searching questions with a view to the future.

In spite of the customary well-meant *Bon Anja's*, the Netherlands Antilles limped over the threshold into 1982. The omen predicting a troubled year had become apparent months earlier. The co-operation between the largest parties of Aruba and Curaçao, the MEP and MAN, was of such an uncomfortable nature that a crisis was clearly in the air. A sequence of internal conflicts led by the end of September '81 to a breaking-up of the coalition and thus of the first Martina Cabinet. Within six hours the MAN managed to gather enough support in parliament to form a new coalition cabinet (Martina II). But all the ingredients for another crisis were there from the very beginning. Two votes giving the new cabinet its most narrow majority in the Staten belonged to Mr. Leo Chance and Mr. Boy Rozendal, both of whom had little love for Mr. Martina and his party MAN. On this shaky foundation the ship of

state sailed into the new year. Haunted by the spectre of the Queen of Saba and the forced resignation of the Minister of Finance Mr. Marco de Castro, the second Martina Cabinet went down after a direct hit by revengeful Boy Rozendal, who announced the withdrawal of his support early January.

#### *December 1969*

*Saddening island saddening people  
Saddening island whirled around  
in the eddying tide in the eddying tide  
saddening island without voice.*

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**neighbours? Will the clamouring for "a strong man" gain force?**

In those bewildering days a threefold action to save the country from becoming ungovernable was undertaken.

**Chamber of Commerce**

Curaçao's Chamber of Commerce took the initiative to invite the island's political parties to sit down together and face the fact that only a joining of forces would create the breathing space in which the socio-economic problems could be tackled and confidence in government restored.

Its effort was of no avail.

Pettiness on the side of the opposition, hypocrisy marking the statements of the governing parties praising the concept of an unified effort (they all but ignored the opposition's existence during the September '81 crisis) and a general lack of trust in the Chamber as an honest broker led to failure already during the first meeting.

**Trade unions**

Next the trade-unions, tired of the political squabbling, played

host to a meeting of all parties in order to find out what forces were obstructing the needed co-operation. The unions, most of them politically affiliated, put heavy pressure on the parties, but even the threat of throwing the union's weight in against unwilling parties at election time did not yield the desired result.

The parties obviously preferred an open fight rather than to devote their energy to get on with the job of solving the nation's pressing problems. The unions, moreover, were not all that impartial, as was indicated by the above mentioned threat and proven at the subsequent elections. Consequently, also this second attempt miscarried.

In every political crisis it is the explicit task of the Governor, as the Queen's representative, to search for ways of ensuring stable government. Convinced that no purpose would be served by another round of (early) elections, Mr. B. Leito requested two prominent politicians, J. Eisdén (MAN) and P. Bislip (MEP) to investigate the possibilities of bridging the differences.

Unfortunately common sense did

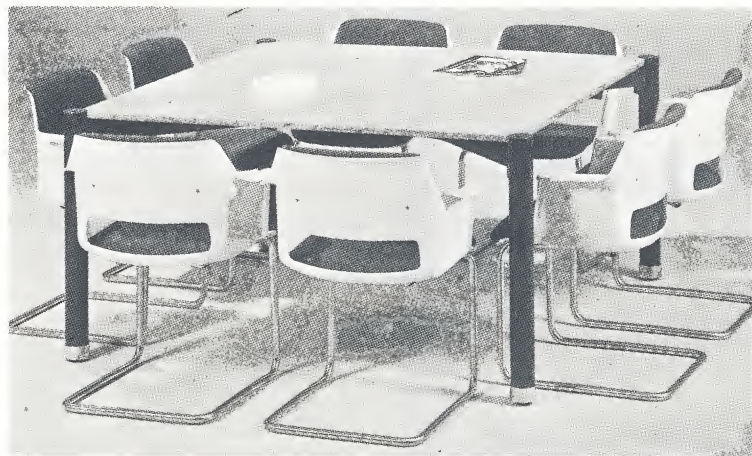
not prevail. Opportunism, hunger for power and insular thinking ran riot.

From the very start of their attempt both *informateurs* were put under heavy pressure both by their own parties and the opposition, all of which eager for election gains.

By far the majority of the social partners, on the other hand, rejected the idea of early elections, preferring the formation of a national cabinet. Bu their voice did not carry.

Deeply disappointed Mr. Eisdén and Mr. Bislip had to establish that political life in the Antilles had reached an all time low. The political will to rise above petty party-politics simply did not exist.

Even a courageous last effort by the Governor himself, giving a dangerously wide interpretation to his constitutional competence, did not lead to a break-through. His attempts to interest mr. Betico Croes (MEP) in a national cabinet, which would give priority to matters pertaining to Aruba's desired status aparte, drew strong protests from the other parties. The shuttle between Mr. Croes and the Governor, it was felt, enhanced the



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position of the first beyond proportion.

**Same team**

No other choice was left: early elections would have to bring the solution.

*Politicians have only one thing in mind: to improve their own position.*

*All politicians do is indulge in rhetoric and haggle with each other. They never contribute to solving the real problems.*

*In the end politicians always play into each other's hands.*

In this mood the Antillean electorate went to cast its ballot on June 25, 1982. The outcome left room for only one interpretation:

*We do not count, so let them clean up their own mess.*

The same team was sent back into the field to solve the problems they had created themselves.

**Shallow conversion**

In a sudden show of concern about the economic, social and constitutional perplexities, the parties now declared themselves willing to set aside their differences and join forces. Mr. Jules Eisdén was again asked by the Governor to take upon himself the task of *informateur*. He set about his work with great energy.

The negotiations appeared to go unexpectedly well. After some months an agreement to establish a national cabinet was reached, called the Passangrahan accord. The country began to breathe more freely.

But the politicians' conversion was not as fundamental as the people were led to believe. Hardly had the Passangrahan accord been signed or the customary feuding was resumed.

Issues of secondary importance – the choice of cabinet members –

were blown out of proportion (see AR Vol. 2, No. 6). The Democratic Party of Curaçao and the MEP of Aruba successively broke ranks. The narrowminded and politically speaking childish reactions of the MAN certainly did not help matters. The spirit of Passangrahan proved to have no more depth than the usual rhetoric.

**Questions**

Again we have arrived at the turning of a year. Prospects are as dim if not more dim than a year ago. Confidence in government is at a very low ebb indeed. Such are the economic and constitutional problems that little time seems to be left.

Looking back in anguish we have to ask ourselves:

*What is wrong with our political life? Why is it that our leaders do not seem to have any serious concern about the increase in unemployment, the rise of crime, the slumping economy, the decline in tourism and the ongoing conflict concerning the restructuring of the educational system for which our children will pay a heavy toll? And last but not least, why are they not aware of the growing lethargy amongst the people?*

The danger of disintegration of our society has become very real. All the elements for an outburst of social unrest are there. And time is running out.

Awareness of this threat is dawning. The question facing us upon entering the New Year is whether we will find ways and means to build up our country in a spirit of constructive co-operation or whether we will allow our society to slip into a situation of poverty and oppression found in many neighbouring countries. ■

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# Committee of Seven's final report puts Aruba to the choice

Aruba's long and highly emotional struggle to free itself from the supposed suppression by Curaçao is over. But whether the end will be a happy one for any of the partners involved may be seriously doubted.

Aruba is certainly no going to get what it desires most: its own private tie to Holland while retaining for itself all the benefits the Antilles as a whole are presently enjoying. Chances that its name will soon be added to the list of vulnerable mini-states, rich in pride but otherwise poor, are great.

Curaçao, home to the larger part of the civil services, will face a substantial loss of income and a sharp increase of its already disproportionate unemployment figure.

The smaller islands, very much dependent on financial assistance from the larger ones mentioned above, may well find themselves in a most uncertain position.

## Stumblingblock

These far from encouraging conclusions must be drawn from the final report of the Committee of Seven, installed to investigate the consequences of Aruban independence. This report, which will serve as the starting point of a Round Table Conference between The Hague and Willemstad early next year, leaves Aruba little choice: a maximum transition period of 10 years during which it will have the status of independent partner in the Kingdom on condition of close co-operation with the other five islands or, if it does not agree to the latter, an immediate farewell.

The most basic paragraph of the document, which was released early December, reads: The Committee, with exception of the

(Aruban) member Croes, is of the opinion that a "status aparte" or "association" of Aruba during the period of transition before independence is not to be recommended, if Aruba declines to partake in the proposed form of close and lasting co-operation.

In the next paragraph the Committee (without exception) concludes that "there exists no agreement about the essential issues pertaining" to such a co-operation.

The issues involved regard matters like the administration of justice, education, health-care, education, the exploitation of natural resources and monetary co-operation.

By sticking to their guns the non-Aruban members have put Aruba to the choice.

## The costs

The consequences of the position Aruba's politicians have manoeuvred the island into may after all be not so pleasing to the population. Their anti-Curaçao feelings are not matched by similar

emotions with regard to Holland. On the contrary. They may therefore be shocked to learn of their pending loss of the Dutch passport. From all the consequences of independence this will, no doubt, speak most to the imagination.

The Dutch moreover have already warned that they will not allow a situation to develop like when Surinam became independent. Almost 50% of all Surinamese are presently living in the Netherlands.

The blunt but realistic statement of the report that Holland cannot be expected to give any assurance about guaranteeing Aruba's integrity after independence by maintaining a military presence, will not promote a feeling of security.

The staggering costs of building up and maintaining its own administrative machinery will cause at least a number of tax-payers to have second thoughts.

Thus also Aruba's people are put to the choice.

## No precedent

Those who have no choice are the other five islands, which as pointed out will pay a heavy toll as well. Understandably their representatives in the Committee declared themselves unanimously in favour of continuing as one nation within the Kingdom. Moreover they were careful to have included in the report that arrangements with regard to the independence of Aruba should at no time be used as a precedent with regard to future independence of their islands. ■



*Aruba's representative.*



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# 1983 Year of the Elderly

## *The rights of senior citizens*

It's not a mere coincidence that the United Nations have designated 1983 as "the Year of the Elderly." In the year 2000 one out of every ten persons will be older than sixty years. Their number will then amount to nearly 600 million. This means that the older age group has doubled within the last thirty years. Moreover, life expectancy is still increasing, in particular in the developed world.

### Misunderstandings

Studies made during the past years have proven that great misunderstandings exist regarding old age. The conclusion of the studies was that a majority of older persons maintain their functional capacities, notwithstanding their apparent organic decline. Research on intellectual processes suggests that only specific functions and responses such as numerical calculation diminish somewhat with age. Verbal capacity continues to increase throughout the life span and learning is a continuing phenomenon. The studies tend to indicate that the elderly are generally healthy, both physically and mentally, but that they are often bored or lonely and that many of them have social, vocational and economic problems. Still, we are inclined to think that the problems of the elderly are mostly medical. In fact, their social problems are considerable. An increasing number of elderly people complain that they live isolated lives, despite more or less frequent contacts with their children and friends. After forced retirement economic problems create a difficult situation. In the more de-

veloped regions of the world retirement from the labour force is an accepted social policy. But it is a myth that older persons cannot continue to work beyond a specific chronological age. As a result, the elderly are denied the right to be economically rewarded for work, and are as it were cast aside as lacking the ability to play a productive role in society. The elderly no longer feel that they are useful or needed.

### Critical

Their economic situation also becomes critical, due to a reduced income, mostly resulting from the loss of the right to work. Sometimes a gradually reduced ability to work is the cause, while in other cases it is the next generations' haste to take over full responsibility. In only very few countries the



In September 1982 the Department of Economic Development on Aruba published an extensive report about "Elderly Care". The document contains 18 urgent recommendations to alleviate the plight of an increasing number of senior citizens, who are often denied the most basic rights. Misconceptions about old age, moreover, abound, resulting in well meant but ill directed care.

With a view to the upcoming Year of The Elderly AR hereby presents its readers with a synopsis of the views underlying the report.

reduced income is compensated through pension schemes.

The social, economic, vocational and psychological components probably contribute more towards creating a difficult life situation for the elderly than do the medical components. Still, it is realistic to acknowledge that the prevention and treatment of diseases and impairments will have to be dealt with first. Since we do this fairly well and can thus postpone death, it would seem that it is our duty to make sure that we also preserve the highest possible quality of life for our senior citizens. Perhaps we should examine to what extent this aging population may be assisted in maintaining good health, keeping a purpose in life and remaining alert and active.

Most research findings in developed countries stress that while dependency on other persons is a characteristic of each life stage, there are specific dependencies related to growing old. However, many of these may be caused by society's approach to aging, rather than being inherent in aging per se. The issue appears not to be one of dependence against independence, but rather the capacity and right to take care of one's own physical, psychological and social functions. Dependency is often created by the destruction of the individual's own capacity. At times persons working with the elderly tend to take over by making decisions which are normally made by adults.

### Active Policies

As apparently the major problems of the elderly are in the social



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economic fields and, usually to a lesser extent, in the sphere of medicine, close coordination is required between the health, social and welfare services, in order to draw up active social policies that will truly benefit the older generations.

The Preparatory Meeting for the World Conference on Aging, held in Costa Rica earlier this year, agreed with many of the preceding views. This Conference, held under the auspices of the United Nations, was convened by the Economic Commission for Latin America and attended by delegates of eighteen regional countries. The Netherlands Antilles, an associate member, was also represented. In his opening speech, Costa Rica's President, mr. **Rodrigo Carazo Odio**, emphasized that the meeting was being held with the objective of studying and formulating valid policies for the entire region, so that those reaching an advanced age could participate fully in the life of their community, contribute to improving it and receive benefits and services from society in proportion to rights and obligations.

In its Regional Program of Action the Conference agreed on the fact that the massive increase in the number of aging persons was convincing proof that humanity was winning the struggle against its perennial physical and social enemies. It is now necessary to consolidate that victory by providing the aging with a socially advantageous environment. The Program of Action concludes that much can be learned from the wisdom of traditional social structures in the so-called less developed nations, where old people retained or even enhanced their functions in society and where taking care of their needs was a natural and welcome obligation of the active population. Even in more materially advanced societies with elaborate social security systems for the aged, the main structures of support should continue to be the

family and the community in which they live. The participants in the Conference therefore emphasized the fundamental importance of the family as the basic unit of society. There was consensus that the State should take measures to support and strengthen the family. Still, it might be wishful thinking that traditional responsibilities will indeed be carried out by the family in the present world of rapid technological and social changes. The Latin America Commission noted that there is increasing evidence of migrations from rural villages to urban centres. The elderly are either left behind by younger migrants or, if they follow their adult children to the cities, settle in slums and uncontrolled settlements where they have no role, status or identity. Therefore an investigation should be made to find out how and under what conditions younger people care for their older family members.

#### Co-operation

As facts and figures about a lot of matters are not easily available, the Regional Program of Action calls for studies and research on the living condition of the elderly population and its socio-economic characteristics as a whole with respect to poverty, employment, education and health. The Action Program contains some specific guidelines to enable Governments and International Institutions to carry out a set of activities aimed at tackling the problems created by the increasing aging of the population.

International co-operation is stressed to bring about full exercise of these rights, in accordance with the principles of the United Nations' Charter. In this context, the Action Program points out that the efforts to guarantee the rights of the elderly require a just economic order among nations. These efforts must be consistent with the objectives of the New International Economic Order and the

international development strategy for the Third United Nations Development Decade.

#### The Antilles

As in almost all other nations, the Netherlands Antilles also stand on the threshold of a more purposeful care for the elderly. In 1973 Dutch expert Gysbers made a study about the situation of the elderly in the Netherlands Antilles. He also supported the idea that "permanent stay in homes for the elderly is only advisable and necessary when other forms of help are not feasible."

In Curaçao, as well as in Aruba, special attention is given to "open care for the aged", which means that trained personnel visits and eventually nurses old people in their own homes. But a lack of trained personnel, in particular in Aruba, hampers this form of help for the aged.

Curaçao and Aruba have about 15,000 and 11,000 persons older than sixty years respectively. And, like nearly everywhere else in the world, their number is steadily increasing. But the construction of special homes for the elderly has not kept pace. In Aruba alone there are two hundred people on the waiting list.

In a report drafted by the Commission "Research Elderly Care" of Aruba, proposals are brought forward to effectively solve the problems of the older people. The Foundation Birgin di Rosario in Curaçao has also made recommendations. Both conclude that more homes of the elderly will have to be constructed (or the capacity of the existing ones enlarged), the open care service increased and more personnel trained. But much more must be done in order to smooth the way for the aged. The Year of the Elderly gives us the opportunity to think more thoroughly and deeply about the specific problems of our older generations and, hopefully, we will find ways and means to give them the status, identity and dignity they so rightfully deserve. ■



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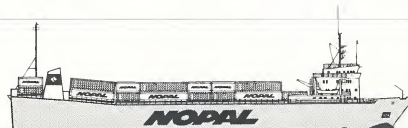
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# Desalination by natural energy

## *promises water-supply at lower cost*

Water bills run high on the ABC-islands. All three depend almost entirely on government-owned desalination plants using the method of multiple stage flash evaporation. The system has proved to be reasonably dependable but also fairly expensive. The soon to be expected construction on Bonaire of a plant making maximum use of natural processes appears to offer a welcome alternative both with regard to energy consumption and ecological side effects.

AR learned that the US\$ 5 million project, which on completion will distribute its product through the existing water en electricity company WEB, should get green light from the national and island governments any day now. Not only does this promise a considerable alleviation of the cost of water production, but it will also focus the attention of scientists searching for ways to solve the world's ever more pressing water and energy problem on the flamingo island.

### Elementary.

The method for distillation of seawater, called the Nord-Aqua Vacuum Evaporation, uses for energy natural heat found at a temperature between 7 and 14 degrees Celsius over ambient. Two very old, partly even ancient, principles are applied to put to use the well-nigh inexhaustible amount of energy stored between the surface layer of the (tropical) ocean and the colder bottom layer 100 to 300 metres deeper: the barometric column and the siphon.

The same system is used as in a mercury barometer. In that case a tube closed at one end is filled with mercury and then put with the open end into a cup filled with mercury so that no air can enter into the tube. The mercury in the tube will descend but will stop at 760 mm above the level in the cup, thus creating a vacuum in the top of the tube. Now the same can be done with water but in this case the water surface in the tube will stop at 10 m. above the level in the vessel. Again a vacuum is created, which means that the water will begin to evaporate. Using this principle of the barometric column an evaporator is placed at an elevation of 10 m. above sealevel. Consequently a vacuum consistent with the vapour pressure will be generated there and the water will evaporate. When two columns are provided, they form in combination a siphon, by effect of which the feed water emerges from the vacuum by its own weight. This is perhaps best

illustrated by the age old trick of siphoning gasoline to a jerry can from the tank of a car. Therefore, the pumping of a large feed water quantity into the vacuum and back again only calls for a pumping work equivalent to the flow resistance losses; the change of pressure is obtained as a gratuity. The vapour is then condensed into distillate by introducing a cold surface consisting of a bundle of tubes with a cold water flow inside into the vapour space.

### Cost-effective

The required cold water is being brought up from a depth of 50 to 300 metres. This is done by lowering a very large diameter hose stabilized at intervals by metal rings to the desired depth. As water is pumped off the top of the water column in this tube, it will be replaced through natural pressure by colder water from beneath. Once more applying the

siphon principle by using two tubes a minimum of energy is required to keep the cooling water running.

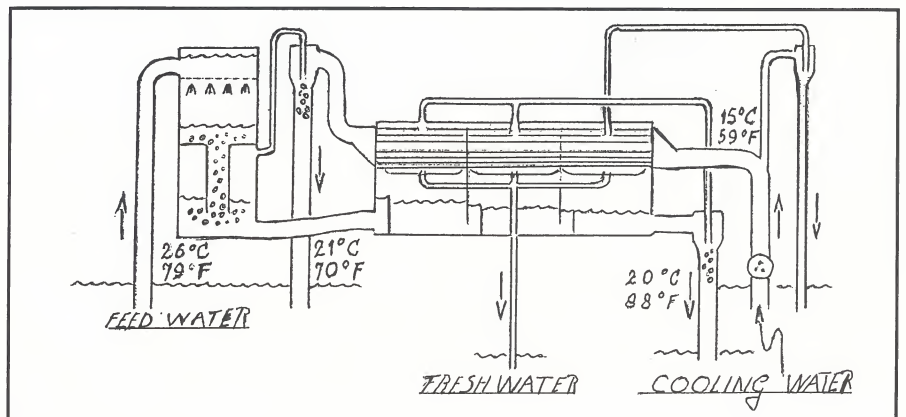
Obviously a number of problems remain (f.e. the deaeration of the feed water) but all of these are again solved by applying basic physical principles not requiring the use of additional energy. As a result the method is so cost-effective that in spite of the fact that only one litre of distillate is obtained out of 100 litres of sea water, it still remains highly competitive to any other system.

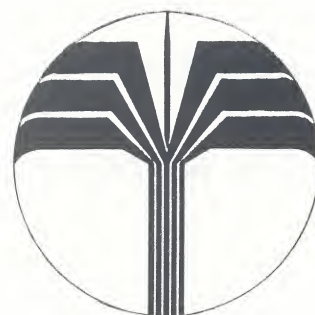
### Extra's

The plant, which will be built in Finland and transported by sea, will be established on a small bay in between Playa Frans and Punt'i Wecua on the western tip of the island. From there the distilled water will be transported to the consumer directly by pipe-line or indirectly by first towing it in plastic containers over sea to the WEB's terminal.

Two 'extra's' make the project even more interesting. The cold water pumped up from the deep is very suitable for the cultivation of shrimps because of its richness in nutrients and complete sterile condition. Not all the cooling water therefore will be allowed to flow back into the sea, but part of it will be used for the purpose of a shrimp nursery. The other extra consists of a research centre to be constructed at the plant's site for the purpose of studying the use of natural energy. This may well bring a steady stream of visiting scientists to Bonaire.

Worth mentioning is also the fact that in contrast to many other development projects the government has not been asked to invest in or guarantee part of the construction costs. Permission to start construction should therefore be forthcoming soon. ■





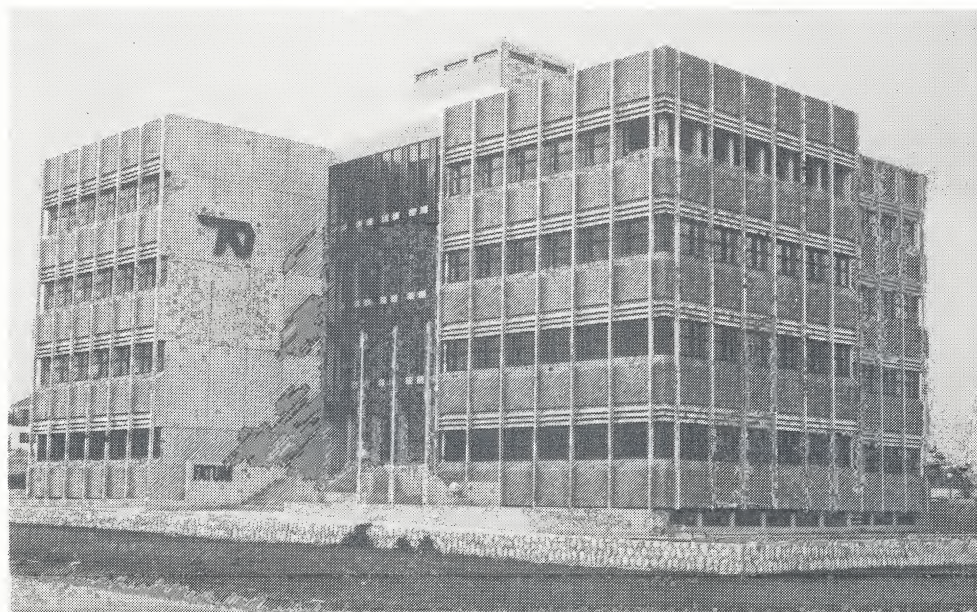
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NEDERLANDSE ANTILLEN



# Christmas cuisine part of cultural heritage

by *Bunchi Römer*



photo Amigoe

Curaçaoles love their food. Not without reason. Theirs is a cuisine with a rich historical background. Like our language, music and dances our kitchen also is a composition of many cultural elements. Although it has much in common with the way people prepare their food in Venezuela and the other Caribbean islands, it has its own distinct character and may be labelled more refined. The Christmas and New Year celebrations will, no doubt, again bring to the tables of many homes a wide variety of delicious dishes typical of Curaçao and its multi-coloured history.

## Indians

The original inhabitants of our islands, the Indians, tilled the soil, hunted and fished for their sustenance.

Wherever there are Indians there will be corn. For practical reasons they planted beans together with the corn. The bacteria namely which accumulate on the roots of beans, for-gather nitrogen, which on its turn will conserve the fertility of the soil.

They cultivated sweet potatoes, peanuts and peppers. They knew the turkey, the duck and the iguana. Fish and other seafood they caught in the surrounding waters. Fruits like avocado, coconut, pineapple, papaya, guava and shimaruku (the West Indian cherry) they had in abundance.

Etimologists have found some names of fruits like papaya, guyaba and shimaruku to be of indian origin.

They also made great use of medicinal and aromatic herbs like basil and oregano to name only two and coloured their food with ruku (annato).

## Spanish

The Spanish conquerors soon disco-

vered the value of the products they found here and they on their turn taught the Indian to appreciate the great value of the fat of pigs.

The Indian used to boil, steam or roast his food on his "barbacoa" ("barbecue") or bake it dry on the "comal" (a kind of griddle made of clay).

Now he got acquainted with pork and its use. He also learned to use salt and sugar. For the latter he formerly used honey.

The mango, citron and olives which the Spaniard brought from Asia were also new to him.

## African

In addition to new eatables the Conquistador also brought the African slave to work on the field. The African has greatly contributed to the forming of the Caribbean cuisine.

One of the most important contributions undoubtedly has been the banana; and by this I don't mean the fruit wellknown to you, but the kind we consume fried or boiled. We like to include banana in our meals and the variations on the theme are nearly endless.

The Indian ate his cassave pancake baked on his comal. The African introduced what they called "fungee", a porridge made of sorghum flour. Later when he came to use the corn meal of the Indian for his porridge, the name "funchi" was used for that too.

The African had a way of cooking his food wrapped in banana leaves. He used his "lele" (a three-pointed wooden swizzle), his palu di funchi (a wooden stick with which he stirred his funchi) both easily made from readily available bush in his new habitat. He brought his iron pot in which he cooked his funchi. To these he added the utensils and the methods of the Indian.

His food consisted of what economically suited his master. Salted mackerel and cod did not spoil so easily under the tropical sun and were his chief sources of protein.

In the 17th century came the Dutch colonisators, who brought cheese, bacon and other beans like marrowfat and split peas.

In the same century the Sephardic Jews, who had fled from the Inquisition in Spain and Portugal to Brasil, received permission from Holland to settle in these colonies.

## Sephardics

It is the contribution of these Sephardic Jews, who were, generally speaking, well to do financially, that has made our kitchen outstanding and more refined than that of the rest of the Caribbean and the South American continent. I say this, because although on all the islands of the Caribbean and in Venezuela one can find all the main strains of our cooking, ours has a peculiar character and refinement.

We learned to combine the sweet and the sour of the raisin, the caper, the dried prune, the olive and the piccallilli in one dish.

To the cooking methods was added the technique of "au bain marie". The houseslave, who in Curaçao stood nearer to his master than his Caribbean fellow-sufferers, learned the fine tricks of the Spanish/Portuguese "haute cuisine".

## Dutch

When at the beginning of the 20th century the establishment of the oil refinery brought a relative pros-

## CURAÇAO

perity for the common people, who already, through the servants of the Jews, knew the eating habits and cooking methods of the better-offs, they took advantage of this prosperity for their kitchen also.

That is the reason why the Curaçao cuisine with its roots in the Caribbean and South America, has that "something" which is typically ours.

Through the Dutch labourer who came here early in the 20th century to work for the oil company, our meal-pattern has been changed.

We learned to eat sandwiches at

mealtime and to use cold meats and cheese as a sandwich-filling. The consumption of Irish potatoes and canned vegetables greatly increased.

When at the end of the second world war the Dutch navy personnel from Indonesia, who were stationed here during the war, left, we inherited their nassi-goreng and their bahmi, saté and lumpia, which in the course of time have undergone a creolization process, so that nowadays in a Caribbean cookbook you may find under the heading "Netherlands Antilles", recipes for

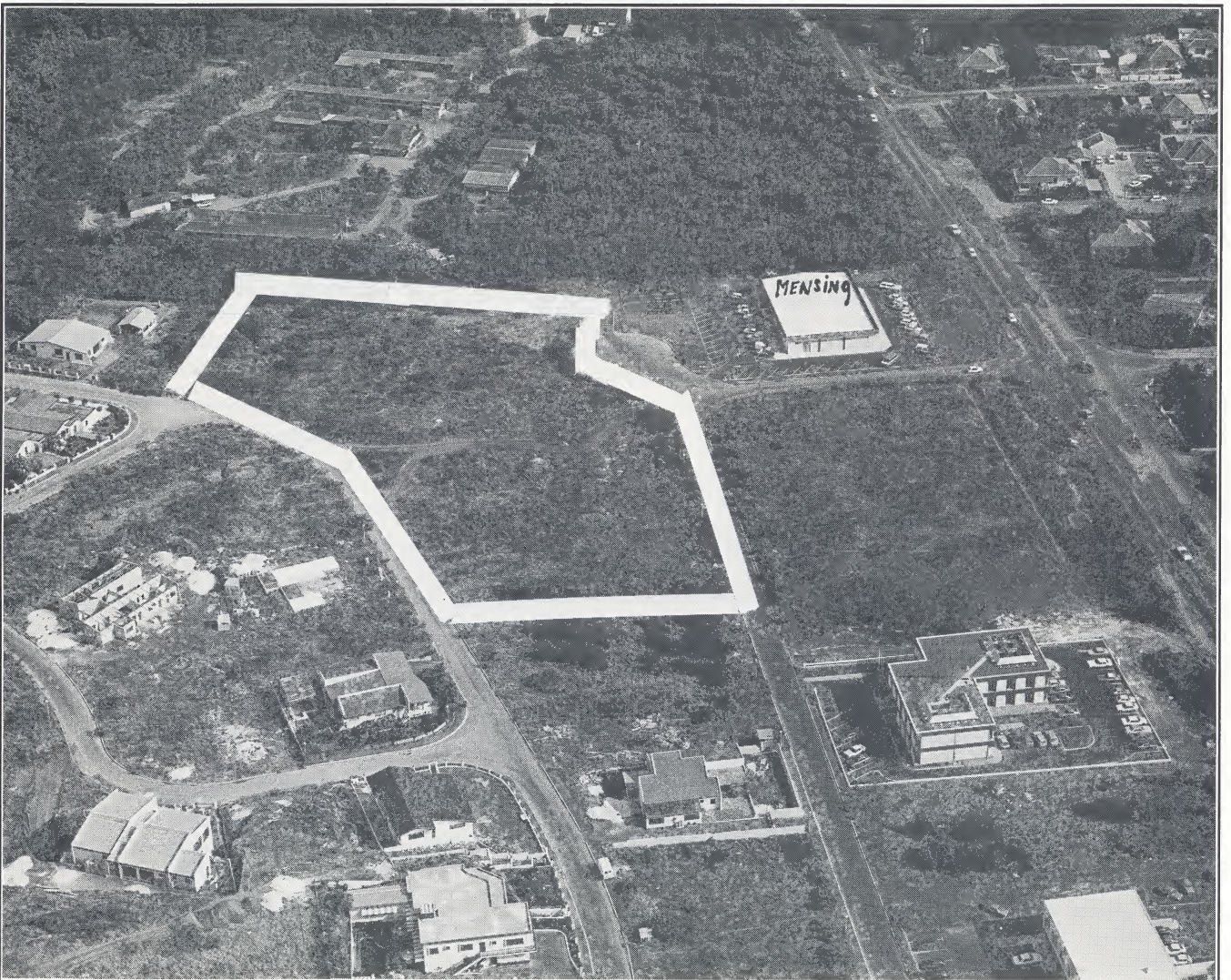
aforementioned dishes.

Through technical advancement in the means of transportation ours has become a small world and nowadays on our tables you find strawberries beside papayas and bananas.

Although Curaçao, with a short interruption in the 19th century, has been under the Dutch flag since the early seventeenth century, our cuisine is still basically Spanish/African.

### Dishes

The following dishes may be



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considered pre-eminently typical for Curaçao:

**Keshi yená** – the rind of the scooped out Edam cheese we transform in a true delicacy by stuffing it with condimented ground meat or potatoes, which either as a “hors d’oeuvre” or as a main dish makes each meal a festive occasion.

**Sankocho** – the soup which is a meal in itself and contains sweet potatoes, Irish potatoes, fresh meat, salted meat, chicken, vegetables, corn and banana. We ladle the soup and eat the eatables separately.

**Sòpitu** – with its coconut-milk base. A dish that combines salted meat with roasted fish and is thickened with ground corn meal.

**Goat’s meat** – As a hearty soup, followed by the rest of the meat stewed or baked, served with white rice, green peas, beets and baked banana, the “cabritu” forms a worthy pièce de résistance at the first Holy Communion celebration and other special events worth celebrating.

**Tutu** – This “hunger-quencher”, once the poor man’s dish, consisting of funchi and mashed beans, has been refined in such a way, that it has found its way to the dinnertable of all layers of our population.

Our **wine soup** is a very festive soup for very special occasions, made of dried prunes, cinnamon, pearly sago and a considerable amount of dry red wine, which gives this soup its beautiful ruby colour.

**Guava soup** made of ripe guavas, richly condimented and very wholesome, may be eaten cold or warm. The contrast of the hot funchi with the cold guava gives a particular sensation.

**Tamarind soup** – formerly our Good Friday specialty.

**Okra soup** – The okra is a vegetable of African import. They say that if a non-native eats our okra soup, he never again will leave our island. Whether this is the truth I cannot tell.

I can assure you that there is nothing like a good rich okra soup, with its salted meat, its salted pig’s tail, fresh fish, cheese, shrimps, conch, its twig of basil in it and its funchi by side. This soup is generally not liked by foreigners, but is a favourite of the people.

It is an old custom here in Curaçao,

that the first okra soup of the year has the New Year’s ham knuckle cooked in it.

**Tripe** – as a soup or as a stew is also a big favorite. This soup is very invigorating, which is expressed in the saying that it will even wake the dead. On New Year’s Eve morning there is many a housewife, who will wait for hours at the market to secure herself of one or two packets of tripe to cook a strong soup to provide for the necessary stamina for the year’s end celebrations.

With nearly all the aforementioned dishes funchi is eaten.

Turning to our sweets we meet with heavenly hashes like the **tentelaria**, made of ground peanuts; **fudge**, **coconut mounds** and all those forbidden fruits for calorie watchers.

Speaking of sweets we inevitably arrive at a rich variety of **cakes** and **pies**.

Outstanding in this category without any doubt is our “**bolo pretu**”. The Portuguese word for cake is “bolo”, which denounces its origin as does the word “pretu” which means black.

This expensive, but excellent culinary masterpiece, which gets its name from the many ingredients which give it its colour, is reknown far over our limited boundaries.

The other cakes and pies, which beside the towering bolo pretu, the “batrei”, adorn the decorated table, present at all weddings and first Holy Communion celebrations, are all worthwhile.

From ground peanuts we bake a cookie in the shape of an “S”. We simply call it **letter**. It is a special attraction served with a cup of hot cocoa in the morning on first Holy Communion celebrations.

Our **bolo di pan** (literally bread cake) made of stale bread, raisins, candied peel and eggs, covered with white granulated sugar.

The unfrosted **pan bolo**, our typical X-mas and New Year’s pound cake, with its candied lemon peel on top.

The turnovers **empaná** and **pas-techi**, plump with their meat or seafood filling, together with the black eye peas puff, we call “**kala**”, are snacks that cannot be refused when presented at a party.

The “yu di Kòrsou” is known for his hospitality which especially finds its

expression during this holiday season.

One of our most typical dishes for this season undoubtedly is the “**ayaka**”. This culinary masterpiece that has its origin in nearly all cultures of the Caribbean, is a refined version of the original which in Venezuela and on other Caribbean islands is sold in the streets as common fare.

It is nearly as laborious to describe an ayaka as to make it. The final result, however, is fantastic and I recommend those who have not yet had the privilege of tasting the ayaka, to take the opportunity and do it now, right in the season for it, when it tastes best.

A batch of ayakas, made days ahead and stored in the refrigerator, enables the hostess to be prepared to invite the guest that happens to drop in unannounced, to join and enjoy the holiday meal, which beside the ayaka included the **stuffed turkey** or chicken and succulent slices of the glazed **Virginia ham**, decorated with cloves.

On New Year’s Eve the ayaka accompanies the marinated salmon or mackerel with its temperamental twinge of hot pepper and the substantial tripe soup.

The aforementioned dishes are not the privilege of the better-offs. If one thing appeals to the “yu di Kòrsou” it is his food. Leaving exceptions aside of course, he is convinced that the money best spent, is that spent on food.

The housewife makes skilful use of herbs and spices and preferably does not work with measures.

The food has to be tasteful and abundant, which enables her to invite unexpected guests at any meal without embarrassment, because the main dish can always be made to suffice.

Neither time nor work is given too much importance. On special occasions even the expenses are taken lightheartedly.

It is very difficult to determine where one culture ends and another begins. But one general characteristic can be pointed out and that is the dedication with which we work at our cuisine. ■

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# Statia's terminal

## An asset to the petroleum industry



It took eight full years, but Statia's Oil Terminal finally has been completed. On November 1, 1982, Prime Minister Don Martina of the Netherlands Antilles presided over the inauguration ceremonies, with the board of directors of Statia Terminals N.V. proudly present.

Statia Terminals N.V., a Netherlands Antilles' corporation founded in 1974 with the purpose of developing a fuel oil terminal on the island of St. Eustatius, had to conceive, reconceive, design, redesign, structure and restructure the project over the span of the past eight years, as the nature of the international movement of petroleum drastically changed. The Statia Terminal today can therefore meet the market standards of the ever changing world community. Now the growing demand can be met for full terminaling services by oil companies and producing countries, which need extra capacity or geographic access to fully integrated transportation systems and terminals. Statia's Terminal will therefore operate as an oil industry service, offering storage, transfer, bunkering and oil blending services and shipping.

The island of St. Eustatius is ideally situated near several major trading routes and is blessed with favourable weather conditions year round. The island lies outside the normal hurricane tracks. It offers regular airline service to St. Maarten, where international flights depart daily for several points in North America. Direct dialing international telephone and telex services are available.

The terminal on the island is targeted at the needs of oil companies that require flexibility in their product transportation and delivery. It will be capable of blending cargoes of gas oil and/or fuel oil or cutting these products to meet specifications. The terminal will facilitate the smooth transshipping of fuel and gas oils to larger or smaller

vessels as the trade requires, because it is designed in such a way that a high degree of flexibility and cargo integrity can be provided. Separate lines are offered for fuel oil, gas oil, bunkers, ballast water and potable water.

Blending operations are performed at tanks, through circulation and agitation with special pumps.

Sampling is performed through continuous inline sampling systems. Statia will maintain a laboratory at the terminal to perform analyses of blends and for transfers which will be based on tank gauging. A full range of marine fuels will be available at the terminal. Bunkering operations can be performed either at the dock or via a bunkering barge.

The Statia Terminal is constructed to meet the highest safety standards. Key valves are automated and several valves are interlocked to ensure a safe operation. An effective and modern system prevents pollution.

The terminal consists of a total of ten storage tanks. The total capacity is about two million barrels, which in the future can even be tripled. About eighty people are directly employed.

"In the past eight years this unutilized land has changed into an industrial

operation. The next part of this story is progress, changes and economic vitality brought to this island through construction and operation of the Terminal". These words were spoken by Douglas Lathrop, assistant managing director of Statia Terminals, in his address at the opening ceremonies. Lathrop added the following, meaningful words to his speech: "The economic vitality this Terminal has brought to this island is evidenced by less unemployment, home building, new supermarkets, growth of existing businesses, and the creation of new entities. As the Terminal prospers, it will grow. So will the island of St. Eustatius. This will, in the longer term, be reflected in areas such as improved health care, schooling systems, as well as an increase in economic prosperity. As the Terminal grows, more and more Statians will be employed and be promoted to higher positions of responsibility through the Terminal's training programs . . .

. . . The Terminal represents a new chapter in the rich history of this island and this day marks the beginning of another era". ■

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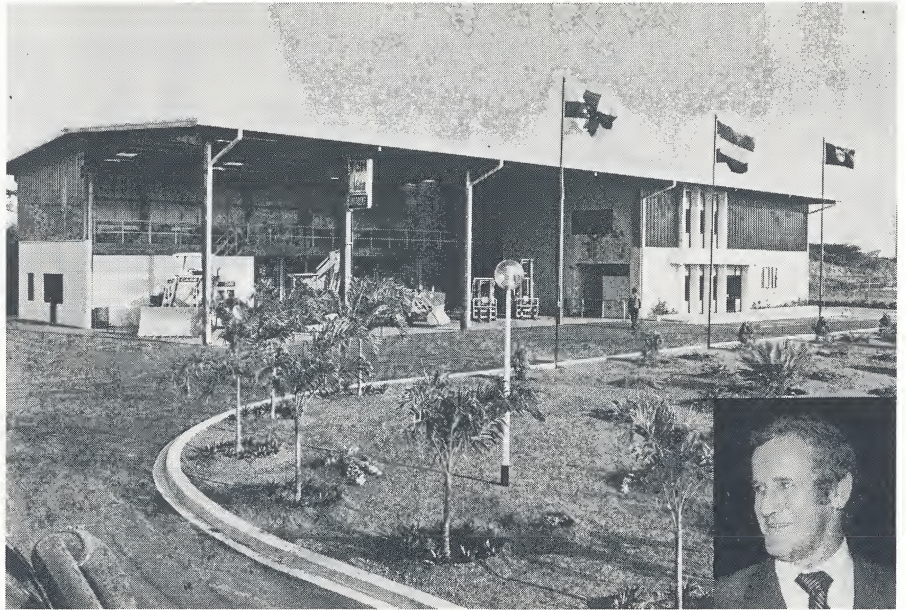
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RECENT APPOINTMENTS

First woman to become acting Lt. Governor of Curaçao was **Maria Liberia-Peters**. Expectations are that the appointment will be shortlived as Mrs. Peters may soon be asked to join the national cabinet.



Former prime minister and Bonaire's representative on the Committee of Seven, **Mr. M. A. Pourier** was recently promoted to General Manager of the A.B.N. Netherlands Antilles. Mr. Pourier presently holds the position of managing director of A.B.N.'s Trust Company. The appointment will be effective April 1, 1983.



New premises for the "Marine & Technical Services N.V." known as MITS, comprising offices, hangar and storehouses, were officially opened by Curaçao's Lt. Governor Mr. R. Casseres on Friday December 10. The firm specializes in ships-cleaning, technical cleaning and technical trade. Established on Curaçao in 1959 MITS has developed into a healthy concern with good prospects for the future. Well in time before the recession hit the shipping industry MITS started to diversify its activities. Says managing director Jan van der Heijden (45): "We do expect quite a promising development with regard to the trade in technical equipment for 1983. In February next we will host a training course led by Japan's TCM (forklifters), which will be attended by people from all over the Caribbean, as well as South and Central America. Chances that MITS will become TCM's agent in the above mentioned regions are fair".

Employing 225 people, of which a considerable part has served the firm for more than 15 years, MITS is owned by the SHV Holdings (Steenkolen Handels Vereniging), which had a turnover in 1981 of Dfl. 11.5 billion. The holding is registered in St. Maarten.

Investing Naf. 8 million in new offices and workshops may be interpreted as a sign of confidence in Curaçao, according to Mr. van der Heijden. "I am quite optimistic. In fact we have a very stable society with great possibilities as a service centre for the region".

He is concerned, however, about the frustrating slowness of government services. "There is no stimulating of private enterprise", he says. "What we need urgently is co-ordinated planning by the trade-unions, employers and authorities".

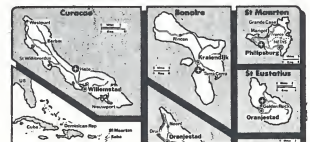
Financial Times Wednesday November 24 1982

SECTION III

FINANCIAL TIMES SURVEY

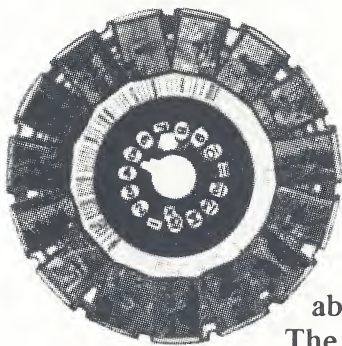
Netherlands Antilles

The six islands have enjoyed a privileged position through their links with the Dutch. As they move into the post-colonial era political stability is essential if the economy is to meet the challenges that lie ahead. Charles Batchelor reports



"The Netherlands Antilles, the last Caribbean outpost of a once far-flung Dutch colonial empire, face a period of greater uncertainty than any they have experienced recently" according to the opening sentence of a **Financial Times Survey**, November 24, 1982. But the Times is quick to note that "the Antilles remain an economic force out of proportion to their size". The six pages long survey describes the political, economic and industrial developments on the islands, giving much attention to offshore banking and the oil industry. Reporting Charles Bachelor writes of a "thriving economy" but raises the question whether the Antilles "can maintain this privileged position as it moves into the post-colonial era".

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## It are the small subtleties of life which make living worthwhile

Success has lost

### Mediocracy has become the vogue of the time



**Lionel Capriles** (49), who holds a B.A. in economy and banking of Harvard University, is General Manager of Maduro & Curiel's Bank in Curaçao.

Mr. Capriles shows obvious pride when talking about his bank and more in particular about his 872 employees. "We are very much like a grand family", he tells. Over two hundred of the Bank's employees are shareholders. As personnel can only buy shares after having worked with the bank uninterruptedly for seven years, this relatively high number testifies to the company's excellent internal relationships.

Over the years Mr. Capriles has become a widely respected voice of authority in the Antilles.

**On the state of affairs in the country:** we are backsliding. Business is not going too well. We notice a distinct rise in savings. People are putting their money away for a rainy day. That means less spending and a further drop in business. This is not so noticeable in the sector of primary necessities, but many shops downtown are having a hard time. I view the situation as paradoxical. The downward trend is caused by the worldwide recession. I only need to mention the situation at our airline, the drydock and tourism industry. But what the people are not aware of – nor for that matter the government – is that they hold their future course in their own hands. As a result there is as feeling of hopelessness. Of course we do depend to a large extent on outside forces but it is also true that we do not try very hard ourselves. There is a mood of leniency and laxity. We trust too much – in a wrong way – in the good Lord, in providence. Let's face it, there is no satisfaction if you do not accomplish something by yourself. And we are late! All we are doing is trying to keep the country afloat. Government subsidies for the ailing airline and drydock only prevent them from going bankrupt. There is no developing of new plans and initiatives.

**On steps to be taken:** I'm a great believer in Keynes. There is a vast amount of money laying waste. Our tax inspection is

far behind. Millions have not been collected as yet and therefore do not generate money for the government. Now it may be true that using that money cannot be defined as productive in the proper sense, but it will certainly be so indirectly. It could be put to use to improve our infrastructure – for building roads, housing and slum clearing. That is not productive, but it would give the economy a push and ready the island for better times.

In that way we would kill two birds at once: employment would be provided and our society prepared to act when the opportunity arrives. This must be done now while the economy shows a downward trend.

In other words, the tax department needs to be upgraded. In the meantime it could be considered to ask the Central Bank to give an advancement on the outstanding taxes. But this does not happen because we are not willing to put our shoulders to the wheel. We have become lazy and spoiled because we could always count on outside (Dutch) assistance. We should learn to take pride in acting on our own.

**On the prevailing mentality:** It is in process of degeneration. Maybe our democracy is too perfect and makes us even more lazy. The people know that the politicians need them every two years – a situation which can

INTER



## I note a renaissance of faith

### its romantic ring

## Maybe our democracy is too perfect

easily be exploited. As a result the desire to produce on one's own diminishes. We need a change of mentality urgently. Fortunately I note a renaissance of faith among the younger generation.

**O**n priorities and leadership: too much attention is given to matters of secondary importance and the vital issue of co-operation and unity is neglected. The idols of our people are their political leaders.

If they assured themselves of professional assistance and would draw up consistent plans, they could give the people that much needed example of what can be achieved when people act together, in unity.

But our people only know their leaders as continuously quarrelling! Every issue that props up is taken as an opportunity to start fighting each other. Important issues like the papiamento question could be dealt with much more easily and constructively, if we had a little bit more unity amongst ourselves.

**O**n 1983: this year has been a difficult one and the prospects for next year are no better. We have lost 12 months in which we should have taken initiatives that could have given the people the feeling that there is at least concern for their problems.

Our government and civil service have a chronic lack of expertise and know-how. Greater use should be made of the private sector. But again this is a matter of mentality. It is still seen as a loss of prestige to ask for advice. But our problems are too serious. We have to close ranks!

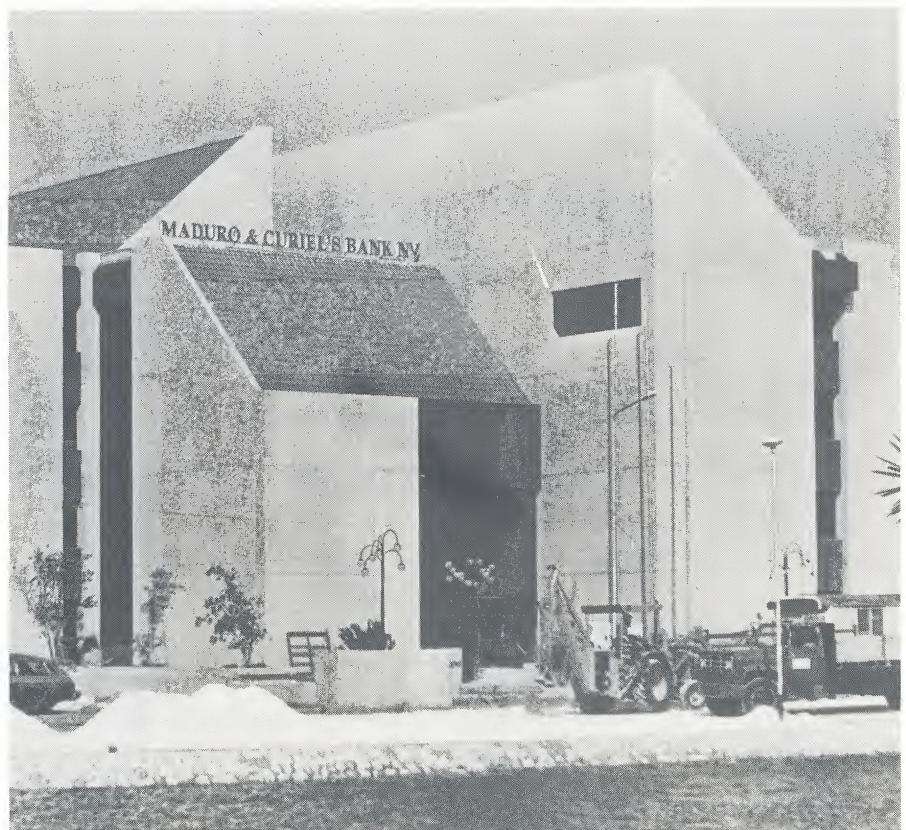
On the other hand the commercial and industrial sector should involve themselves more. They often fear for too much co-operation with the authorities. Much could be contributed to education and housing, to name two exam-

ples. The social partners are generally too passive. The same applies to a number of the trade-unions.

**O**n our time: one of our problems is that "success" and "ambition" have become dirty words. Not only here but also in Europe and the States.

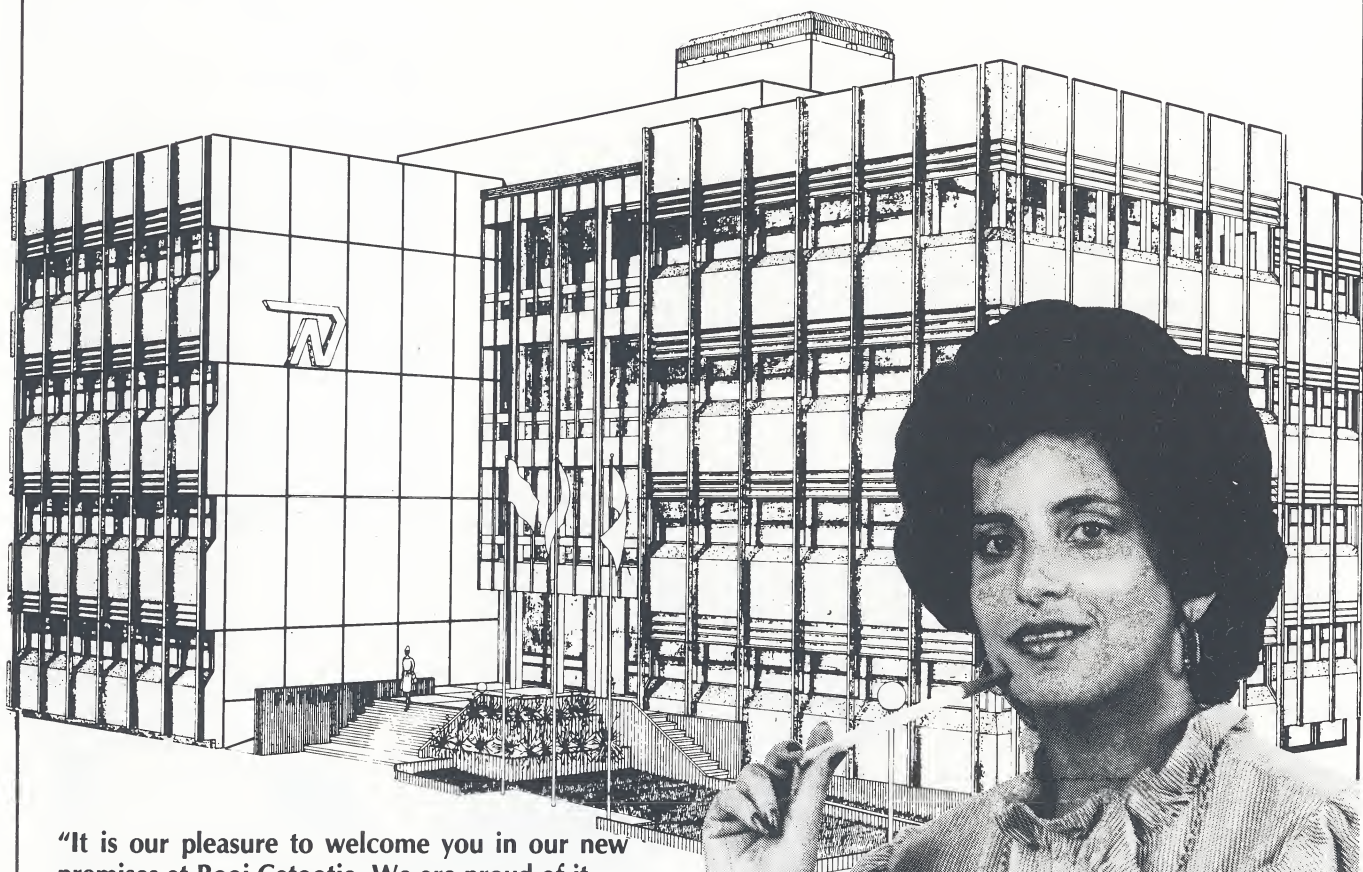
Mediocracy has become the vogue of the time. In everything we accept the medial standard. Success has lost its romantic ring. ■

VIEW



Latest Maduro & Curiel's Bank, opened December 12, 1982.

# Big building. Same people.



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## Economic survey

by H. C. Beers

Until November the official foreign reserves continued to stay at a very high level of about f 340 million. The balance of payments recorded an annual surplus of f 158 million. However, this outcome cannot be considered to reflect a healthy economy. The main pillars comprising tourism, transportation, oil refining and offshore activities are all facing difficulties. The latter is performing well but prospects are uncertain. The others are struggling to maintain their level of activities, but no major growth may be expected in the near future.

Some important companies such as the national airline ALM and the Curaçao Drydock Company have asked their employees to waive wage increases including compensation for inflation, which is very low at the moment. This development may indicate that the wage level in the Netherlands Antilles, in particular in Curçao, is too high to maintain a competitive position for these branches of industry. It seems desirable that the new government not only set up an economic policy, but also unfold an income policy aimed at creating employment opportunities.

### Foreign reserves

The official reserves held by the central bank stayed at a fairly stable level of about f 340 million until the end of October, which meant a fall of only f 25,5 compared with the record high amount of f 366.3 at the end of July 1982.

This relatively small drop is not in accordance with the seasonal pattern. Usually the reserves will decrease constantly and for a substantial amount between July and October to recover in December.

Last year reserves fell f 63 million to an amount of f 183 million during this period. Thus compared with last year the official reserves reached a tremendous high level, resulting in an annual surplus of f 158 million.

The causes, however, are not very clear. Unfortunately, no balance of payments statistics are as yet available, so a detailed analysis cannot be made.

The increase in reserves during this year resulted mainly from remittances made by the oil refineries, in particular Lago Aruba which remitted in July f 156 million to pay profit tax to the island government. The outflow did not grow proportionally, even fell behind last year's level.

This may be the result of a lower domestic expenditure caused by the economic recession. People seem to save instead of spending, while the business sector is reluctant to invest. This is not a favourable develop-

ment in an economy with an unemployment rate that is already very high.

### Monetary developments

The island governments deposited the tax amounts received from the oil refineries with both the central bank and private banking system. The condensed balance sheet of the central bank showed an amount of f 123.2 million owing to the island governments at the end of October and f 137.7 million at the end of July.

At the latter date the private banks owed f 62.9 million to the island governments.

These deposits resulted in additional liquidity for the private banks. They were not able or allowed to increase their net foreign investments. Consequently the money lead to higher banking deposits with the central bank. These deposits amounted to f 64.5 million at the end of October which is the same as compared with July 31.

The banks now earn interest on part of these deposits, which was not the case in the past. In July the central bank agreed to pay an interest of 6% on deposits, provided they are held as overliquidity. It would be interesting to know what part of the outstanding amount of f 64.5 million constitute overliquidity. However, this distinction is not made in the central bank's balance sheet.

As a striking aspect in this publica-

tion must be mentioned the lending by the central bank to the private banking system. At the same moment that some banks are in a situation of over liquidity and are placing their money with the central bank at a rate of 6%, others have to borrow at the central bank's lending rate of 10%. This aspect is an indication of the lack of an interbank money market as part of the domestic money and capital market. Obviously this market is not yet sufficiently developed.

The overliquidity of the banks resulted in lower interest rates for deposit funds. The banks did not yet change their lending rates of about 11%.

Compared with abroad these rates appeared to be fairly stable. However, in times of overliquidity, high surplus in the balance of payments and insufficient domestic investments, lower lending rates to stimulate investments should be welcomed in view of employment.

Although the central bank cannot force these rates to decrease, it can lower its own discount and lending rates to signal the banking system and the public that time has come to reconsider these tariffs.

### Tourism

Tourism has grown considerably



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## FINANCE

over the past two decades and is now the leading private sector component in terms of employment. This sector is concentrated in Aruba, Curaçao and St. Maarten and may be separated into two segments: cruise and stay-over tourism. At the moment, however, the entire sector is stagnating; all the islands are facing difficulties in attracting a growing number of tourists.

Resort tourism in Aruba stayed at about the same level as 1980. The year 1981 showed a higher number of visitors, but this record could not be maintained.

The authorities, however, plan a further growth and so does the private sector, which is prepared to invest. The hotel Playa Linda has expanded its facilities with 200 rooms. A new hotel comprising 120 rooms will be constructed under the name of Dutch Village close to the existing Divi Divi hotel.

Although the number of visitors has not dropped considerably, the spending by foreigners has indeed been influenced by the international economic recession. Furthermore the number of shopping tourists, primarily from Venezuela, is decreasing. This is also the case in Curaçao where the main attraction is its shopping centre. However, both

Aruba and Curaçao are now losing ground to Miami, which is preferred by Venezuelans and Latin Americans in general.

The retail trade sector is unable to compete with Miami in terms of service, price and assortment.

An assessment of the prospects for tourism is currently underway in Curaçao. In examining the tourist product the authorities and the private sector have concluded that Curaçao is not satisfying its visitors, who are disappointed in the shopping, hotels and beaches. Another general complaint is that government activities mainly consist of advertising and few efforts are made to improve the tourist product itself.

Despite these aspects Hilton has renewed its management contract to run the 200 room hotel in Curaçao for another 10 year period. Any future operating deficits will be borne by both the hotel owner, i.e. the island government, and the management company.

### Oil refining

Shell Curaçao is not profitable at the moment. Therefore no investments have been approved. The refinery had submitted a list of new investments up to an amount of \$ 90 mil-

lion, which were not approved by the head office.

The most important investment comprised a new electricity plant. This project will be carried out.

Shell Curaçao continued to lay-off personnel. Early retirement has been offered to about 300 employees, half of which has already accepted.

The offer is in force until the end of this year.

However, additional cuts may be required.

The volume of throughput at the Shell refinery climbed during the third quarter by 50,000 barrels per day to a level of about 215,000 barrels a day.

The increase was due to the cat cracker, which is working again after a period of maintenance.

Most of the crude oil originated from Venezuela and Mexico, although the use of light crude from Venezuela was restricted, since the price was not considered attractive anymore. The remainder of crude was bought on the spot market which turned out profitable, as the prices quoted were lower than the official prices.

The volume of throughput at the Lago refinery in Aruba has recovered to some extent and is now well above the 200,000 barrels a day. Lago is willing to increase this level further, but seems unable to do so by contractual restraints.

The Lago refinery is able to process high-sulphur heavy crude from Venezuela and produce low-sulphur fuel oil so much in demand in the USA.

The refinery is a profitable operation and is expected to retain its current labour force of some 1,300 employees.

The outlook for the refining industry is a continuation of operations at roughly current levels of activity with further gradual declines in employment, particularly in Curaçao.

### Transportation

Although the national airline ALM purchased two DC 9 super airplanes in order to improve its competitive position it will have difficulty to sell all available seats.

In view of the international economic recession governments of several countries tend to protect

### CONDENSED BALANCE SHEET CENTRAL BANK ; f MILLION

	31-10-82	30-9-82	31-8-82	31-7-82
<b>ASSETS</b>				
Gold stock	41.4	41.4	41.4	41.4
Foreign reserves	340.8	339.7	348.5	366.3
Loans to:				
- government	90.0	89.9	88.1	90.0
- banks	0.7	—	0.6	—
- other	1.1	1.1	1.1	1.1
Sundry assets	5.9	6.2	6.3	6.7
<b>TOTAL</b>	<b>479.9</b>	<b>478.3</b>	<b>486.0</b>	<b>505.5</b>
<b>LIABILITIES</b>				
Bank notes	172.9	169.8	169.7	176.4
Deposits held by:				
- fed. tax collectors	3.2	2.2	10.3	0.8
- Island governments	123.2	134.8	141.0	137.7
- banks	64.5	60.8	43.0	64.0
- development projects	5.3	3.7	15.3	20.7
- others	23.8	21.8	23.3	25.5
Money in custody	2.1	2.1	2.1	2.1
Sundry liabilities	32.8	31.0	29.2	26.2
Capital and reserves	52.1	52.1	52.1	52.1

their indigenous airlines. Besides all airlines are increasing their competition in the current market to the detriment of the small companies. According to the ALM management a much more aggressive marketing policy and increased productivity are essential to survive in this time of recession and tariff war. The last two years the ALM has already cut expenses and will continue to do so in the future.

The company asked the trade unions which represent its personnel to abstain from any wage increases, both periodic increases and compensation for inflation, as well from any proposals which will create additional expenses in 1983.

The management hopes to save with these measures an amount of f 2,2 million.

A similar request was made some months ago by the Curaçao Drydock Company to its personnel. In addition financial assistance from the government was requested. In response the central government asked the English firm Appledorn to study the commercial aspects and

the general policy of the company to determine the possibilities in the future.

The Dutch government is willing to provide f 5 million in assistance.

The central government will approach Parliament for another 5 million, while the island government installed a working group to investigate the possibilities to lend a further amount of f 5 million.

**Offshore activities**

The offshore sector has developed rapidly, as have its economic contributions to tax revenues, foreign exchange earnings and local employment as well as income. A critical factor underlying this growth has been the tax treaty relationships with other countries, particularly the United States and the Netherlands.

In view of the difficult times for the oil sector, tourism and transportation one of the few options open to the Netherlands Antilles seems to be offshore activities.

However, the prospects are uncertain, since in 1979 the United States

has expressed an interest in revising the current protocol in order to correct existing possibilities for abuse of the provisions and to incorporate new concepts.

A number of meetings have taken place, during which the Antilles forwarded strong arguments against the U.S. Treasury's proposed course of action.

One of the first activities of the newly appointed Minister of Finance, Mr. G. de Paula, was to fly to Washington DC to take part in the current round of negotiations. In mid November these negotiations were suspended until the beginning of January 1983. On his return Mr. De Paula stated that the Antilles has to take into account that changes in the existing protocol are inevitable, which will no doubt have consequences for certain components of the off shore sector.

However, he refused to elaborate or to explain the changes. So also the prospects of this sector, the only major growth possibilities left for this economy, still remain clouded. ■

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# The fragmentation of *The Netherlands Antilles*

by Wim Luiten



The discussions in the Hague concerning the political future of Aruba and the other islands of the Netherlands Antilles are reaching a decisive stage. The preliminary work by the experts has been done and soon political decisions will be taken at a Round Table Conference. It seems inevitable that the Antilles as political unity will soon fall apart. Perhaps this is the right moment to put the current developments into historical perspective and indicate why it had to come this far.

## Subordination

The Aruban struggle for separation from the other islands is often erroneously associated exclusively with the Movimiento Electoral di Pueblo and its political leader. More often than not it is not fully appreciated that the Aruban struggle has a long history. As early as the thirties strong voices were heard on Aruba to loosen Aruba's ties with the other islands. Aruba felt itself discriminated against and a second-rate island. One has to admit that the colonial legislator did everything in its power to cause this feeling. In 1865 some form of local government is established on the islands other than Curaçao in the form of Councils of Police with very limited powers. On Curaçao the local interests are served by the Governor and the Colonial Council, which must at the same time serve the interests of all of the Antilles.

It is therefore not surprising that in Aruba the idea takes roots that Curaçao could not distinguish between local Curaçao interests and general interests. Even in the thirties, when the Aruban struggle was already vehemently being voiced by Eman, the colonial ruler still had the audacity to indicate Aruba as a dependency of Curaçao. The Constitution of 1936 mentions the colony as "Curaçao and dependencies". The legislator complied with the desire

for greater elbow-room for the local governments by including the possibility to establish stronger forms of local government by Central Government Ordinance. Parliament has time and again urged the Governor to submit proposals to this effect, but somehow or the other these never materialised. The colonial authorities obviously did not take the Aruban struggle very seriously.

## Ocho-Ocho

New opportunities seem to present themselves for Aruba in the decolonisation period after the second world war. The two great political leaders of Aruba and Curaçao, Eman and Da Costa Gomez, for a short period seem to be able to meet each other halfway. Aruba does not oppose the wish existing on Curaçao for autonomy from the Netherlands. In return Aruba in 1948 gets the same number of seats in the Staten (Parliament) as Curaçao, viz. eight.

However, two years later when the autonomy is granted the eight-eight proportion is done away with. The Netherlands try to soften the blow by explaining to Aruba that the possibility to appeal to a Dutch entity against Central Government Ordinances that go against Aruba's interests will offer better protection against domination by Curaçao. But also this provision is denied Aruba

by Curaçao, because that article would give the Netherlands the opportunity to meddle in the internal affairs of the Antilles and this would be contrary to the autonomy recently attained.

Finally Aruba sets its hopes on the new Islands Regulation. Through this the centre of gravity would have to be shifted to the islands in a semi-federal structure. Expectations were so high that "happy times" were expected to dawn again.

## The Federal Structure

Unfortunately the semi-federal structure has not been able to bring about the expected "happy times". Partly because this Islands Regulation was a half-hearted solution. The Islands Regulation proceeds from a federal structure, which means that the authority of the Central Government is limited to a few explicitly mentioned powers and that all other tasks pertain to the island territories. The half-heartedness lies therein that the islands have systematically been denied every possibility to demand the position they were entitled to. In federal systems it is customary for the judge to be charged with guarding the limits. The legislator was not willing to draw this conclusion. In our system the judge is not allowed to pronounce judgement on the question whether or not the Central Government has overstepped the limits of its authority. This means that the delimitation has been laid down in an article, the interpretation of which may be given by the body that would itself in fact have had to be restricted by that same article!

A second aspect of this half-heartedness is the method of transfer of powers. At the moment that the Islands Regulation became effective the Antilles were a strongly cen-

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tralized organization. The evolution into a system in which the centre of gravity would have to be in the different islands would have to be effected by the Central Government. The central government legislator would every time have to transfer by central government ordinance the powers designated therein. In this process the islands are in principle powerless spectators and have to wait for the Central Government to transfer said authority. Failure was as it were built in the regulation. The equality of weapons was nowhere to be found. The Central Government remained legislation-wise the pivot of everything; the islands had to remain passive.

The consequences of this half-hearted regulation were bound to make themselves felt. The transfer of powers got stuck halfway. In the first two years of the Islands Regulation some fourteen powers were transferred, but after that there was a stagnation. Except for a short revival during the Evertsz Cabinet, no more powers were transferred after that. The islands had no means to force the central government to continue with the transfer of powers. The central government did not do so because of all kinds of practical obstacles. And so the matter bogged down.

When subsequently the central government legislator started to interpret his authority in quite a broad manner and enacted all kinds of regulations that strictly speaking did not belong to his competence, the Islands Regulation definitively lost the little splendour it still had. The attempt at far-reaching decentraliza-

tion had failed and again Aruba was left with empty hands.

There can be no other conclusion than that neither the Netherlands nor Curaçao have ever taken Aruba's wishes seriously. With promises that were not kept and half-solutions Aruba was kept on a string. Now history is avenging itself.

### May 1969

The revolt that took place in Willemstad on May 30th, 1969 was an event that gave new impulse to the discussions on the future political structure. The Netherlands did not want to be responsible any longer for matters on which they could not exercise any influence. Also in Curaçao it was realised that independence within a certain period of time and on certain conditions would have to come. This aggravation of the political problem brought the Aruban question again into the limelight. In 1972 the MEP was formed and in a short time this party managed to get overwhelming support among the population for independence from Curaçao. Aruban nationalism is reborn in all its old glory.

### Verbalisms

In fact history then repeats itself. The Aruban struggle is accepted verbally, but actions fail to materialize.

The right of self-determination of the islands is acknowledged, but nothing is done to pacify the relations. The possibilities that exist to comply with the wishes remain unused. A different allocation of seats in parliament, the introduction of a non-outvoting clause, a different manner of decentralization, an accelerated transfer of powers, all this is left undone.

Consultations are held, but no decisions are taken. In this period the Arubans do not genuinely seek political reforms, hoping to profit politically from the controversy. Curaçao tries to gain time in the hope that moderate parties in Aruba will regain their lost positions. But up to now this waiting has been in vain. However, in the meantime relations have radicalized in such a way that co-operation is hardly possible any more. A breaking point was especially the oil protocol. After that

the political discussions were no longer on future forms of co-operation but on an accelerated independence for Aruba. That Aruba will become independent soon seems no longer avoidable. There is no way back for Aruban politicians. Not even if the conditions for independence are less favourable for Aruba.

### Sad

One feels an immense sadness seeing this inability to find reasonable solutions for existing problems. It is tragic indeed that the controversy has to lead to a solution in which everyone is a loser. The complete disintegration of the Antilles seems only a matter of time. Aruba is no longer prepared to enter into a close and lasting co-operation with Curaçao. Curaçao's economy is too weak to go on supporting the other islands. The consequence is that all the islands will suffer from the disintegration. The small islands will be hardest hit by this fragmentation, because they will be left to fend for themselves.

Curaçao will see itself confronted with a large redundancy of civil servants and financial deficits.

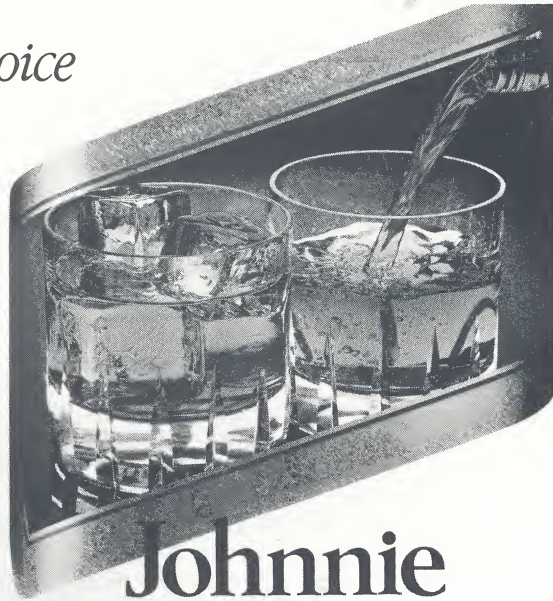
But also Aruba will have to pay a heavy price. The financial-economic situation cannot be considered anything else but good, but the social and political stability is cause for grave concern. The internal tensions are high. When the protective umbrella of the Kingdom and the Central Government disappear, the tensions will surface in all their acuity. How long will Aruba then still be a parliamentary democracy? Will Aruba be able to maintain on its own the legal security, a proper administration and its cultural heritage? Many shudder at the thought.

History has left deep wounds. Apparently it is no longer possible to let bygones be bygones and develop a policy in which the interest of the population of the six islands prevails.

If it were a question of a conflict in which there is a loser and a winner, one might still say "that is life", but a game in which everyone is a loser is simply too tragic for words. ■

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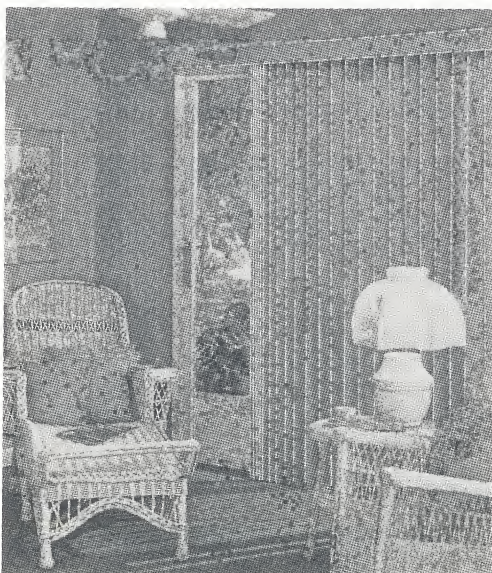
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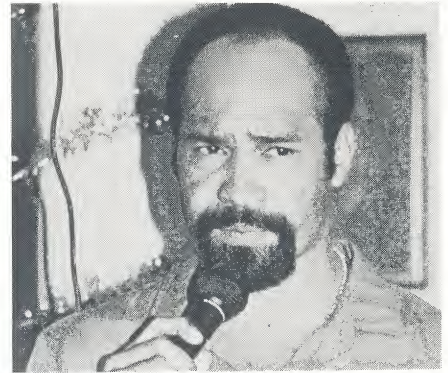
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# Surinam:

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*Desi Bouterse*

It's anybody's guess what the future of Surinam will be. The present military rulers maintain their view that through a special brand of socialism, adapted to Surinamese circumstances and standards, they will bring prosperity to the former Dutch colony on South-America's North-Eastern coast. But Surinam is, in fact, not a poor country. Its income per head of the population is one of the highest in the poverty-ridden Caribbean. Surinam has still about one billion US dollars to spend out of development funds from the Dutch. Natural resources are abundantly present and the soil is very fertile. Still, at the moment, the future does not look all too promising. The main export products: bauxite, shrimps, rice and lumber, are suffering from either international recession or stiff foreign competition. During the last two years, bauxite levies, which amount to 80 per cent of total export revenues, decreased with some 30 million dollars.

As imports steadily rose, for the first time this year, the nation encountered serious foreign exchange problems. And as development aid from the Netherlands came to a virtual standstill, the nation is now in real trouble. The Dutch are not happy with present events in Surinam and have officially stated they will only continue economic assistance to Surinam, after there are clear signs indicating the restoration of democracy.

### Happy Mood

When a handful of sergeants staged their successful coup on February 25, 1980, the country was in a rather happy mood. Political feuding, corruption, nepotism and mismanagement had brought about financial and moral decay. One month later, in March, 1980, elections would have taken place and no less than 26 political parties had registered to participate. Quite a number in a nation of some 350,000 people, where there are no more than 100,000 voters.

Right from the start, the sergeants made some great mistakes. First of all, they arrested the complete Council of Ministers, plus scores of other high Government officials. People were even placed behind bars on vague suspicions of corruption. Most of them were released after a couple of months. Others had to stand trial and many were acquitted. Several former

Government officials and their political allies went through some form of physical and mental torture.

Gradually, a power struggle erupted between the sergeants, who in the meantime had promoted themselves to higher ranks in the Army and got rid of the whole former Army Command. Sergeant Desi Bouterse, now a Lieutenant-General, proved to be the smartest of the lot and since August 13, 1980, is in nearly complete command.

But to preserve his power, he then had to call a state of emergency (which is still in effect) and dissolve Parliament. Government and Army now rule by decree.

When the civilian Government, appointed by the Army after the coup, had a new Constitution drafted, Bouterse fired contemporary President Chin A Sen, who was also Prime Minister. Chin A Sen strived for elections within two

years and wanted the former sergeants back into the barracks. In the meantime, Bouterse announced that Surinam would be steered on a socialist course. He became a close friend of Maurice Bishop of Grenada and, although he met him only once, remains in frequent contact with Fidel Castro. The Cuban strongman was all too happy with the establishment of a new socialist stronghold in the Western Hemisphere and readily supplied weapons, which are picked up by Surinamese ships and unloaded in Surinam's harbor of Paramaribo in strict secrecy.

As Bouterse's relations with the socialist world became better, Surinam's traditional allies, in particular the Netherlands and the United States, were gradually forced to distance themselves from Surinam.

But economic aid will have to come from the West, if Surinam really wants to further develop itself. As no aid is coming in anymore, activities on nearly all development projects have ceased.

### Lack of Experience

But Bouterse does not want to give in. On several occasions he swore that, come what may, socialism will be introduced. He replaced nearly all high Government officials with leftist cronies, mostly young people, who for years have studied in the Netherlands. But they lack experience, know-how and the capability to develop new views and ideas. Instead, the new generation of high-ranking civil servants is only on the look-out for "saboteurs" and "people of the old order" to ruthlessly stamp them out. There now is a great

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number of former civil servants, who don't have to work, but just stay home and receive their monthly pay cheques.

Bouterse's campaign for the introduction of socialism has gone far beyond the borders of the public sector. In a lot of Government-owned companies, which operate on their own as private enterprises, the management has also been wiped out. The results have been disastrous.

Not only are there too few experts to replace the existing establishment, the "new order" also fails to live up to Bouterse's expectations. The Stichting Machinale Landbouw (Foundation for Mechanical Agriculture), for instance, has been one of Surinam's best-run operations in the past 25 years, but is now virtually bankrupt.

The road to socialism, his severe actions against former politicians and the status he undeservingly has given to some inexperienced leftists, have contributed to the unpopularity of Desi Bouterse. But also the fact that for the past two years he steadily increased the role and power of the Army. Several former sergeants have even been promoted to public offices, which in the past, could only be in the hands of trained bureaucrats.

### Right Hand

Bouterse's right hand and intimate friend is Roy Horb, an erratic but faithful follower. They were the brains behind the 1980 coup. The two share all the power in the country. Every policy decision of importance is taken by either Bouterse or Horb. Mostly by the two jointly. These two men have very few conflicting ideas, even though Horb is far from a convinced socialist. Another difference is Horb's belief that the "old political order" is not too worthless after all. Horb's advisers are mostly well-known former politicians. Even some from the political party that was driven out of power by the sergeants. For obvious reasons, Bouterse does not like this attitude. But as he will not find a more loyal ally within the Army

than Roy Horb, Bouterse apparently had to compromise on this matter.

### Press and Politics

From the start, the sergeants did not allow the press to operate freely and political activities were completely banned. As the press grew impatient and sometimes still sharply criticised the Army Command, Bouterse and Horb introduced a solution of their own: they inspired some leftist journalists to establish the Association of Media Workers. The Surinam News Agency (the only news service that locally distributes foreign news) was brought under complete control of the Association, as were the only TV station and Radio SRS (both Government owned). But there are various mass media that are still not under the control of the Army or Government. The reporters of these media, however, are constantly being harassed and, from time to time, even arrested. When a journalist arrived too late for a press conference held by Roy Horb, he was locked up in jail for one day.

The harshest measures, however, are aimed at the traditional political parties. No meetings are allowed and the leaders are not permitted to get together. The NPS (National Party of Surinam) of former Prime Minister Henk Arron, was not even permitted to hold Mass on the occasion of its 30th anniversary. But the leftist party Volkspartij (People's Party) held scores of activities on its sixth anniversary two days later, although only a few hundred people attended.

Bouterse in vain has tried to assemble the small leftist parties into a larger Revolutionary Union. Because of internal differences, the Union was dissolved only two months after its formation. On the day of its proclamation, in December 1981, scores of leftist leaders from neighboring Caribbean countries were present and vehemently lashed out at capitalism and neo-colonialism. But with the exception of those from Cuba and Grenada, none of them represented their Government. Thus,

Bouterse heaped on himself the wrath of nearly the whole Caribbean.

### International Relations

Ignorance of international affairs has further hurt Surinam's relation with other countries. Aviation problems have caused a big rift in the relationship with Trinidad, the Netherlands Antilles and even with Holland. Nearly insurmountable problems exist with neighboring Guyana about a border conflict, but also because of the refusal of the Guyanese Government to grant its permission for the construction of a huge hydro-electrical plant across the border in Surinam. International institutions demand this permission before they commit themselves to finance the project.

Surinam's relations with the Netherlands and the United States are at best lukewarm, although the problems with these countries are mainly "ideological".

But both the USA and the Netherlands are greatly concerned about the course of events in Surinam. Holland and the USA therefore masterminded and executed a plan to avoid Surinam getting too much involved in the whirlpool of the socialist world. Venezuela and Brazil were asked — and later accepted — to try to lure Bouterse away from, in particular, Cuba and Grenada. In June, Bouterse received a rousing welcome in Caracas and even met President Herrera Campins. About two months later, the Brazilians invited the Surinamese Army Commander, who received a high military decoration in Brasilia. But on both occasions, Bouterse's demands for assistance were primarily militaristic, as he mainly asked for weapons and for aid in the further build-up of the Surinamese Army, already consisting of some 4,000 men. Bouterse's aims, at first, seemed to be on par with those of Venezuela, which is involved in a tense border conflict with Guyana. But it soon became apparent that the Surinamese military plans did not completely fit in with those of the Venezuelan Government.

Brazil was eager to help,

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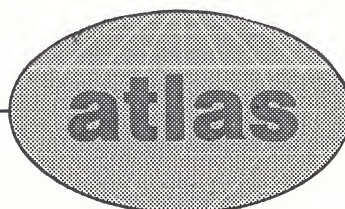
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but not militarily. The Brazilians, for some time already, are looking suspiciously towards the Surinamese socialist leaders on their very borders. But the core of the matter was that neither Venezuela nor Brasil was in a position to meet Bouterse's specific military demands, as both nations manufacture weapons under US' licenses and therefore need Washington's permission to give or sell arms to any other country.

**Self-interest**

Bouterse's discussions in Caracas and Brasilia demonstrated what is in essence most important to himself, namely his own safety and security. He has repeatedly stated that no elections will be held in the near future, that a Constitution should only consist of some elementary rights for the people and that a National Assembly must be appointed only by the members of the People's Committees, which he himself has erected.

Bouterse's concern for the nation's development comes only in the second place. All his decisions are primarily based on remaining in power.

As a result, the development of the country lags far behind. There's not much the Government can do, as Bouterse singlehandedly appointed the present Council of Ministers, in which three soldiers are included. Already a grand total of thirty persons have been appointed as Ministers in the course of the past 34 months.

No wonder the population is far from satisfied with the performance of Army and Government. And in a traditional Western democracy as Surinam, where Parliament has existed for 114 uninterrupted years till the coup of 1980, there is widespread dissent about Bouterse's views on socialism and the choice of Surinam's friends in the world of today. When Grenadian Prime Minister Maurice Bishop visited Surinam some weeks ago, the largest labor federation, the Moederbond, called a nationwide strike. Bouterse countered with a campaign in all mass media and even had pamphlets distributed from small airplanes,

inviting the population to the public meeting with Bishop. Even the Army controlled Surinam News Agency had to admit that only 1,500 people showed up at the Bishop event. At exactly the same time, the Moederbond gathered 15,000 people at its meeting, despite the ban on the right of assembly.

**Social unrest**

For two days thereafter public life came to a complete standstill. Banks, schools and stores were closed and people stayed away from the streets. Then Horb held



Roy Horb

discussions with Moederbond leaders and promised a return to democracy. Life soon returned to normal. And so did the Army Command, as it thereafter acted as if no promises at all had been made. One day later, six shots were fired from a heavy weapon on Moederbond's adviser André Haakmat, who had also been a Minister in the Chin A Sen Government. Haakmat remained unharmed. In a TV speech the same evening, both Bouterse and Horb called Haakmat "public enemy no. 1" and even hinted that they agreed with the murder efforts. They were, most probably, committed by members of the People's Militia, consisting of leftist civilians, all of whom received military training in Surinam's hinterland, reportedly under the supervision of some Cuban military advisers. There are an estimated one hundred people in the Militia.

They carry weapons, sometimes even to their work.

**Tighter grip**

Events of the last week indicate that the Army is further tightening its grip on the community. Harsher military rule seems imminent. This means that social unrest, most likely, will continue.

Within the Army, there is disunity about the course the Army Command has set out till now. A growing number of high ranking soldiers seems to be pressing for the restoration of democracy and thus, for a return of the Army to the barracks. These military men feel they will also become victims if, one way or the other, the present Army Command is pushed out of power. No wonder six counter-coup attempts have been made, half of them from within the Army.

Bouterse certainly has his work cut out for him. For more than two years now, he has been walking on a tightrope. But that seems to be the inevitable fate of all military leaders. ■



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# Absorbing the Caribbean Labour Surplus

## *The Need for an Indigenous Engine of Growth*

By Ransford W. Palmer

**C**aribbean peoples historically have not had many options. Their ancestors did not opt for leaving Africa; they were taken. And when they arrived in the Caribbean, they did not opt for colonialism; it was the established institution. Even the West Indies Federation which was to have replaced colonialism was not a Caribbean option; it was in fact a metropolitan perception of what the Commonwealth Caribbean ought to have become. Regrettable as it may have been to many, the breaking away of Jamaica in 1961 was probably the first real exercise of a political option by an English-speaking Caribbean people. While national political independence has indeed stimulated Jamaicans and other Caribbean peoples to reach for indigenous resources, their economic options are still by and large controlled by external engines of growth.

Centuries of colonialism and countless analyses of the limitations of small size have indoctrinated the Caribbean into perceiving its economy as defined exclusively by external forces. Consequently, post-independence development strategies were largely predicated upon metropolitan decisions to enlarge the market for Caribbean exports and to increase the supply of capital and technology for their production. But experience has indicated that these external decisions also encouraged a pattern of growth and development that reinforced the priorities of the external decision makers. As a reaction, Caribbean governments during the 1970s began to underscore the need for growth and development patterns that reinforce domestic priorities. For such patterns to become truly operational, the Caribbean must systematically build an indigenous engine of growth capable of exploiting external opportunities.

### Local Ownership

Political independence has provided the vehicle for asserting the economic sovereignty necessary for mobilizing a country's resources in accordance with its national development priorities. For

On several occasions in the two years of its existence AR has given attention to the increasingly urgent problem of unemployment in our country. A problem which the Antilles share with most countries in the region not only with regard to size and impact but more revealingly also as far as origin and structure are concerned. Ransford W. Palmer's thoughts expressed at the VII-th Annual Meeting of the Caribbean Studies Association in Jamaica, May, 1982 and first published in Caribbean Review vol. 11 nr. 3 will undoubtedly interest our readers.

many Caribbean countries, the assertion of economic sovereignty has taken the form of the localization of ownership through nationalization of major industries, as well as through joint-venture arrangements. These strategies are a reaction to the progressive transnationalization of the region during the 1950s and 1960s, a time when Caribbean governments pursued "industrialization by invitation" strategies.

While local ownership is a necessary step in the pursuit of national development priorities, it certainly is not a sufficient one. For even if 100% of everything is locally owned, the Caribbean will not be able to reduce its vulnerability to external shocks without the backward and forward linkages being in place. The task of local ownership therefore is to direct resources into the development of those linkages which the lack of local ownership has ostensibly allowed to lie fallow. Nationalization of the so-called commanding heights of local economies may not by itself enhance the performance of this task, simply because no new investment resources are created by such ownership. One might even argue that there is likely to be a net reduction in resources, since the national acquisition of ownership usually must be paid for out of future tax revenues. Thus the initial benefits from local ownership through nationalization may be limited to national pride.

In the long run, the extent to which the nationalization enhances domestic control over the process of structural trans-

formation will depend on the competitiveness of these industries in international markets and the growth of these markets. If the acquisition of national ownership by itself will not enhance the performance of exports in these markets, neither will it increase the flow of profits for investment in structural transformation. The recent economic history of Jamaica is a clear illustration of this. National ownership of the sugar and bauxite industries and portions of the hotel industry in the 1970's was followed by declining production.

Yet some measure of national ownership is desirable when essential institutions with the power to mobilize resources are dominated by foreign corporations. Financial institutions easily come to mind. It is not surprising that in many developing countries, not only have governments acquired a substantial share of the ownership of private financial institutions, but they have also established complementary public financial institutions to mobilize financial resources as an essential first step toward the creation of greater employment opportunities and the ultimate reduction of the surplus labor.

### Anatomy of the Labor Surplus

Because the magnitude of the surplus labor in the English-speaking Caribbean is greatest in Jamaica, it is worth focusing on the data for Jamaica. I have arbitrarily chosen the unemployment data for 1979, the year which, according to the *Economic and Social Survey*, was characterized by "abnormally depressed labor market conditions." But I could just as well have chosen 1978 or 1980 since in all these years, the unemployment rate exceeded 25%.

In October 1979, according to the Department of Statistics, the number of persons unemployed in Jamaica was 299,100 out of a total labor force of 962,500, yielding an unemployment rate of 31%. In developed countries such a national unemployment rate would mean an economic depression of cataclysmic proportions. In developing countries, it is regarded as just one of the characteristics of underdevelopment. ■

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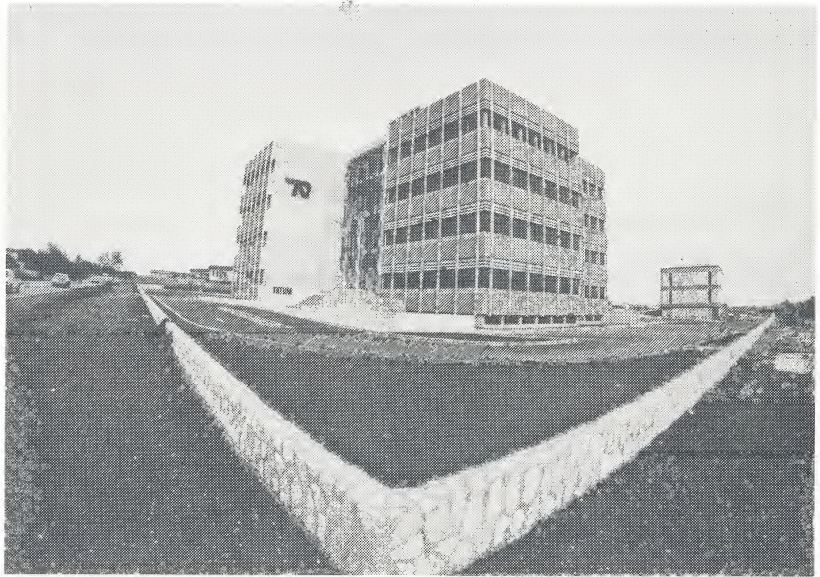
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The Jamaican government defines the unemployed labor force as "all persons who were actively seeking work as well as those persons who although they were not actually seeking work indicated that they were willing to accept a job and were in a position to do so." And it classifies the unemployed into "seekers of jobs" and "non-seekers of jobs." Those who were classified as non-seekers answered "None" to the question "What steps did you take to get a job?" Of the 299,100 reported unemployed persons in October 1979, 60% were classified as non-seekers. The main reason put forward for their not seeking jobs is the "relative unavailability of jobs in many areas." It could be argued, however, that many of the non-seekers opted for leisure rather than take jobs which did not fulfill their income and social expectations, and that they were able to make this choice because they could rely on what Henry Bruton calls a "sharing mechanism" that would sustain them until they found a job. This argument is reinforced by the data which show that 53% of the documented unemployed were under the age of 25, and that an almost identical percentage (54%) of those unemployed were supported by parents, guardians, or other relatives, while 28% were supported by spouses or common-law partners. It is of interest to note that twice as many non-seekers (35%) as seekers (17%) were supported by spouses or common-law partners. The main reason for this imbalance is the predominance of females among the non-seekers. The October 1979 data show 139,100 female non-seekers compared to 41,000 male. Of the males, only 800 received spousal and common-law support, while 63,100 of the females did.

Despite the support mechanism that sustains the unemployed, the problem of poverty associated with unemployment and under-employment in the Caribbean is severe. For as Trevor Farrell reminds us in his analysis of unemployment in Trinidad and Tobago, "the argument that unemployment among the young and dependent bears no necessary link with household poverty ignores the fact that there is an operant class system. As such, one suggests that unemployed, dependent youth are likely to come disproportionately out of poor, proletarian households without 'connections' and which need extra income, rather than out of affluent middle-class households. This means that unemployment will in fact tend to correlate with poverty" (*Social and Economic Studies*, June 1978). Moreover, there is the likelihood that a permanent group of unemployables will develop — people who have been out of work for so long that they are unable to acquire the right kind of attitudes that success in a hierarchical work environment requires.

#### An Indigenous Engine of Growth



*little to look forward to*

How rapidly the Caribbean economy absorbs its surplus over the next two decades depends on its success in generating locally-rooted economic impulses to create employment. Currently, the primary employment-creating impulses reside for the most part in North America and Europe, where the high value-added created by each worker assures a high level of demand for a complex market basket of goods and services. In the current international scheme of things, the Caribbean caters to this demand through the export of raw and semi-finished products whose local value-added is typically low. Through the trickle-down mechanism of international trade, the expansion of demand in North America and Europe increases employment in the Caribbean. In recent years this external engine of growth has begun to slow down.

As long as Caribbean countries remain small, open, primary-goods-exporting economies, the character of the trickle-down mechanism of international trade will be governed by the pace of growth of the industrial users of these goods, wherever they may be. It is the industrial bias of this trickle-down mechanism that an indigenous engine of growth must exploit. Indigenous engines of growth are industrial sectors which intensively use local raw materials, labor, capital, and managerial expertise to produce for the local as well as for the foreign market. This implies substantial local ownership as well as a low share of imports in the total production cost of finished products.

Like Clive Thomas, I argue that "an effective industrialization strategy must seek the vertical integration of the demand structure with domestic resource use." But unlike Thomas, who espouses production for domestic needs within a context of comprehensive planning and progressive disengagement from international capitalism, I see the aggressive exploitation of international markets as an essential function of an indigenous engine of growth. The fact that a development strategy encourages indigenous development does not mean that it must disengage the economy

from the rest of the world. The real test of a strategy of indigenous industrial development is the extent to which it allows a small economy to exploit the markets of the world. Here I draw support from Bela Belassa who argues that: "The flexibility of the national economy is greater under an outward-oriented than an inward-oriented strategy. In the former case, firms have been exposed to competition in world markets and have acquired experience in changing their product composition in response to shifts in foreign demand. By contrast, under inward orientation, there is generally limited competition in the confines of the narrow domestic market and firms have little inducement to innovate, which is necessary under outward orientation in order to meet competition from abroad" (*World Development*, January 1982). The extent to which this indigenous engine will absorb local labor will depend not only on its success in exploiting foreign markets but also on the labor intensity of the production methods adopted.

#### Manufacturing

Whatever comparative advantage Jamaica has had in manufacturing for the export market has been in the production of those goods with a local resource base. The outstanding examples are alcoholic beverages, tobacco, and tobacco products. These were the only manufacturing industries which experienced growth in real output during the declining 1970s. Most of the others operated far below capacity because the drying up of foreign reserves severely restricted the import of raw materials and equipment. Thus as we move from the local resource base end of the manufacturing spectrum to those industries with a predominantly foreign resource base, the performance (and therefore the competitive position) of the manufacturing sector tended to deteriorate. Yet if the manufacturing sector is to develop a strong indigenous core, the growth of such import-dependent industries as petroleum refining and machinery and equipment which provide intermediate inputs for other industries is crucial.

While a domestic raw material base facilitates the development of comparative advantage in a number of manufacturing industries, it is not a sufficient determinant of the indigenous character of an industrial engine of growth. Few would dispute the fact that the large chocolate manufacturing industry in Hershey, Pennsylvania, has been an indigenous engine of growth for that city. Yet America does not produce cocoa beans. Indeed, throughout much of the advanced industrial world, many indigenous engines of growth have been built on raw materials produced in distant developing countries. Perhaps more than most industrial countries, Japan has

shown that an indigenous industrial development can be based on imported raw materials. Yet as critical as these raw materials are, they represent a relatively small share of the total cost of industrial production in these countries.

The small size of Caribbean countries has frequently been displayed by economists as a factor limiting similar development. But the limitations of small size are themselves governed by the stock of human capital and the quality of institutional organization, which together can generate policy decisions that can transcend some of these limitations. In the final analysis, the indigenous character of industrial development is determined by these very decisions. To understand the evolution of manufacturing as an engine of growth in Jamaica, we must look back a few decades. Following the lead of Puerto Rico in the 1950s, many Caribbean countries actively encouraged the development of light manufacturing industries through industrial incentive legislation. For these small countries with rapidly increasing populations, the opportunity to combine capital and labor with very little land to produce goods for a large number of people had an exotic appeal. And when Arthur Lewis published his pathbreaking explanation of the economic growth process in developing countries, he provided policymakers in these countries with the theoretical justification for encouraging the development of a modern industrial sector with light manufacturing as its centerpiece. With beautiful simplicity, Lewis argued that the industrial sector would expand by mixing capital with an unlimited supply of labor from the rural sector. As the rural labor surplus is absorbed into higher-paying jobs in the industrial sector, agricultural productivity would rise to meet the increase in the demand for food and raw materials. In reality, this beautifully simple relationship failed to develop in the Caribbean. For one thing, the growth of manufacturing in the 1950s and 1960s was led by import-substitution industries which had only the slimmest of ties with the local agricultural sector. For another, industrial incentives provided by the government had the perverse effect of encouraging the substitution of scarce capital for abundant labor. Mahmood Ali Ayub has encapsulated the Jamaican industrialization experience as follows: "The combination of duty-free or low-duty imports of capital goods, the choice of products designated as approved under the incentive laws, the generous depreciations on final products have encouraged rather capital-intensive investment in an economy where the unemployment rate averages about 25%" (*Made in Jamaica*, World Bank Staff Occasional Papers, No. 31, 1981). It is not surprising, therefore, that during most of the 1960s, the share of corporate profits in national income grew from 11% in 1963

to 14% in 1969, while compensation to employees hovered about 61%.

Even during the "socialist" 1970s, when capital investment declined sharply, the lending policies of commercial banks continued to subsidize commercial borrowers by offering them loans at interest rates far below the inflation rate. In 1979, for example, the interest rate on commercial loans made by commercial banks in Jamaica was 11% while the rate of inflation was 29%. This in effect meant that borrowers paid a negative real interest rate of 18%. The interest rate subsidy to borrowers of capital was paralleled by an interest penalty on those who acquired savings deposits out of their wage income. The data for 1979 show that commercial banks in Jamaica paid 7% on savings deposits, which meant that at a 29% rate of inflation, holders of these deposits received a negative real interest rate of 22%.

Given the fact that the price of capital has been artificially lowered by both public and private institutional arrangements, is it any wonder that the development of manufacturing in Jamaica has had a capital-intensive bias? Yet, despite its capital intensive bias, Jamaican manufacturing did show some promise of absorbing a substantial

**The initial benefits from local ownership through nationalization may be limited to national pride.**

amount of labor. During the period 1969 to 1973, for example, a 1% increase in real manufacturing output generally increased manufacturing employment by 0.6%. Even if we regard this as a low employment response, it meant that a 10% growth in real manufacturing output would absorb labor at a rate twice as fast as that of the growth of the labor force. But in the latter part of the 1970s, the promise died from a combination of local and external shocks: local shocks arising from a political philosophy of state supremacy in economic affairs and external shocks arising from sharp increases in import prices reinforced by exchange rate devaluations. Real manufacturing output plunged from J\$275 million in 1980, helping to sink the Jamaican economy into eight consecutive years of negative growth.

Out of the ashes of the 1970s, an interesting statistical phenomenon has emerged. When one looks at the period 1976-1979, one finds that while employment in manufacturing establishments having ten or more workers steadily declined, employment in small establishments (those with fewer than ten workers) steadily rose. The conclusion that we are left to draw from this is that had it not been for small estab-

lishments, the overall decline in manufacturing employment would have been more severe. It is not possible to say from the statistics the extent to which workers laid off by large establishments started their own manufacturing enterprises or were absorbed by smaller enterprises. Whatever actually happened, the statistics underscore the importance of the role of the small establishment in the manufacturing sector as an employer of labor. All this suggests that if employment is given top priority in the country's development strategy over the next two decades, small manufacturing establishments should be given special incentives to contribute to that employment. Government policy should not lose sight of the fact, however, that what the unemployed worker needs most is not top priority but a job.

### The Future of Manufacturing Employment

By the year 2000, the Jamaican population is expected to be 3 million, with a labor force of roughly 1.4 million — 40% larger than that of 1980. If the manufacturing sector is to employ, say, 20% of that labor force, it would have to expand fast enough to absorb 280,000 workers — a little over three-and-one-half times what it now employs. In other words, it would have to increase employment at an annual rate of 6.6% to employ an additional 200,000 workers. Assuming that the degree of labor intensity of manufacturing remains same as it was in 1980, i.e., 278 workers producing J\$1 million of real manufacturing output (at 1974 prices), then total real manufacturing output would almost quadruple by the year 2000 to slightly over J\$1 billion, assuming an annual growth rate of 6.6% over the twenty-year period. Thus, given the labor intensity of production, the rate of growth of manufacturing employment would be the same as that of real output. To maintain the same labor intensity, —



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capital investment would have to grow at the same rate as employment.

If we assume, conservatively, that it takes a modest J\$5,000 of capital to create a job place, then in order for manufacturing to create 200,000 job places between 1980 and 2000, J\$1 billion (at 1980 prices) would have to be invested in that sector alone. Whether or not this kind of investment is forthcoming will depend among other things upon the prospects of quadrupling the market for manufactured output.

Any flow of large amounts of subsidized private foreign capital into manufacturing enterprises will present Jamaica with an other dilemma. Large amounts of labor will be absorbed only if wage rates remain low. And only a large permanent stock of surplus labor can ensure this. In other words, we have a paradoxical situation in which the absorption of cheap labor is dependent upon the existence of a permanent pool of surplus labor. This is so because every unit of reduction in surplus labor will increase wage rates which in turn will encourage the substitution of subsidized capital equipment for labor. As wage rates increase, some wage threshold will be reached where additional private foreign investment will absorb only those workers whose marginal productivity equals or exceeds their wage rate. This means that the character of the demand for labor will change from cheap labor to skilled labor. The speed with which this change occurs depends, among other fac-

tors, upon the climate of industrial relations. It is not inconceivable that the militancy of labor unions may enter as a factor influencing the choice of production technology by new manufacturing enterprises.

If that critical wage threshold is reached before the stock of cheap, unskilled, surplus labor is significantly reduced, then government policy must direct its attention to transforming the surplus labor into skilled labor. This is easier said than done. Because most of the surplus labor in the Caribbean is young — it is by definition unskilled. Despite their relatively high rate of literacy, their local primary and secondary education does not prepare them for work. They must rely on the workplace itself to do that. If there is no workplace, there is no on-the-job training, workers cannot acquire the necessary skills; and if they do not have the skills, certain types of capital investment will not take place.

In a market economy, the creation of workplaces is largely a function of private investment which is itself a function of profits, so that the possibilities for on-the-job training are intertwined with the possibilities for profit. But because the workplace is really an extension of the vocational education system in the Caribbean, its creation should not be dictated by expectations of private profit alone. It should be consciously shaped by public policy and, where necessary, public investment.

The transformation of surplus labor into skilled labor is essential for the functioning

of an indigenous engine of growth. But this problem is complicated by the high propensity of Jamaicans to emigrate. The figures show that professional and technical workers as well as those classified as factory operatives emigrated to North America in great numbers during the 1960s and 1970s. All took with them varying amounts of local investment embodied in their education and training. A small country cannot build up an indigenous engine of growth on imported foreign capital if it simultaneously exports its own human capital. Such an exchange is more likely to strengthen the external engine in the long run, since the return flow of profits and interest payments on imported capital is never offset by the remittances received from equivalent human capital exports. The persistence of expression, from those who merely wanted to rid themselves of the dictator to those who saw the exit of Somoza as one chapter in a larger more profound process. But the structure of the fight against Somoza determined that the defeat of the dictator also meant defeat of the attempt to create and sustain any other option. With "anti-imperialism" growth has been largely influenced by foreign demand for Caribbean exports and to a lesser extent by foreign investment in the Caribbean. But over the past decade, the growth of exports and the inflow of foreign capital have slowed considerably. One is left to conclude, therefore, that the extent to which the Caribbean can absorb its sur-

## REGION/LABOUR

plus labor is limited by its excessive dependence on an external engine. While that will always be important, the need for an indigenous engine that can expand exports when the external engine slows down is urgent. Needless to say, this requires the full support of public policy. Not only must government provide the right kind of environment in which small efficient firms can develop and establish a network of backward and forward linkages with larger firms, it must also actively support innovative export promotion strategies.

One of the most frequently cited obstacles to Caribbean industrial development has been the small size of the Caribbean market. If the US Congress ultimately declares the American market wide open to Caribbean exports, as is proposed in the Caribbean Basin Initiative, then the potential market for Caribbean exports would transcend the traditional limitations of small size. But the removal of market size limitation by legislation unmasks other limitations which are essentially rooted in the underdevelopment of the region. Chief among these is the deficiency in the level and diversity of its human capital stock needed to build and operate the indigenous engine. Only when this engine is on track can the Caribbean fully exploit the opportunities a larger market would provide. ■

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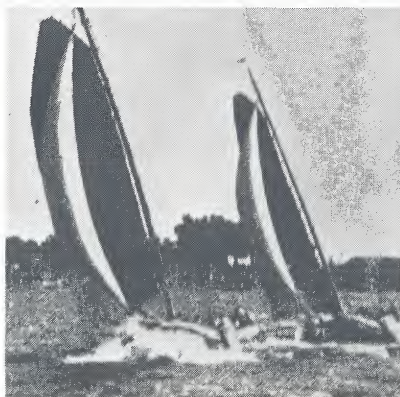
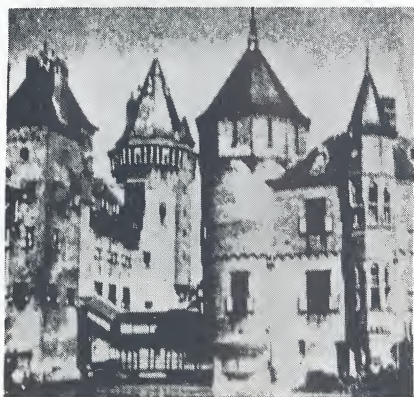
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